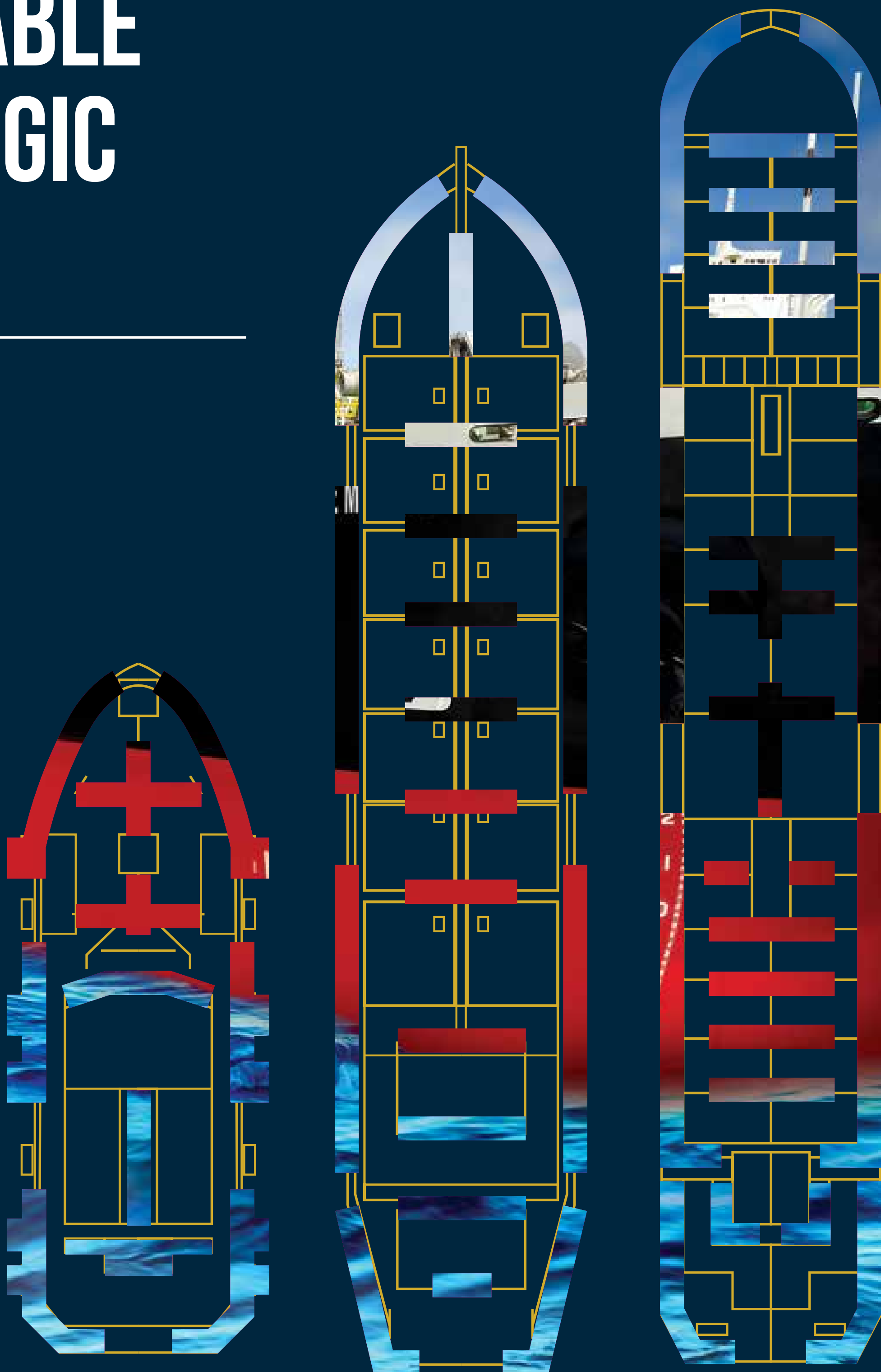
"the shipping people"

SUSTAINABLE & STRATEGIC GROWTH

ANNUAL REPORT 2018




FOIS NAUTICA TEMBIKAI

TOWARDS PROGRESSIVE DEVELOPMENT

WE HAVE MAINTAINED OUR PROGRESSIVE PATH AND STEADY BUSINESS GROWTH AND ENSURED THE ORGANISATION IS IN A MORE OPTIMISTIC POSITION TO PROGRESS AHEAD WHILE DELIVERING EXCELLENCE AND STATE-OF-THE-ART ASSETS.


NAUTICA LANGSAT

FORMING A BEDROCK AND BEING THE CORNERSTONE AS WE FORGE AHEAD, OUR PEOPLE EXUDE ATTRIBUTES OF PROFESSIONALISM, UNIQUE EXPERTISE AND ARE HIGHLY EFFICIENT TO DELIVER EXEMPLARY PERFORMANCE AND CREATE INNOVATIVE SOLUTIONS. DIFFERENTIATING OUR ORGANISATION FROM THE COMPETITIVE LANDSCAPE.

OPTIMISING INHERENT STRENGTHS

TOWARDS A SUSTAINA FUTU

WE WILL ALWAYS REMAIN COMMITTED AND DEDICATED IN DELIVERING OUR BEST EVEN DURING CHALLENGING TIMES AS WE STAY ON COURSE TO REALISE OPPORTUNITIES FROM CHALLENGES. ENSURING THAT OUR FUTURE WILL BE ONE OF SUSTAINABLE PROGRESS.


BLE
RE
MAVERICK

CONTENTS

OVERVIEW

PERFORMANCE REVIEW

LEADERSHIP

COVER RATIONALE

Unwavered and on course, we at E.A. Technique will remain resilient to weather adversity and deliver positive results. Supported by strong fundamentals and strategic business plans, we are maintaining optimism that the storm has passed and a brighter future awaits.

A sustainable future progress lies beyond the horizon and we will be ever ready to realize our potential and attain steady growth while continously achieving excellence in all that we do.

CORPORATE OVERVIEW

GOVERNANCE

CORPORATE DISCLOSURES

CORPORATE PROFILE

VISION

To be the locally preferred service provider of Marine Services with a Global Vision

MISSION

A local shipping company focuses and exemplifies attributes of:

SAFETY

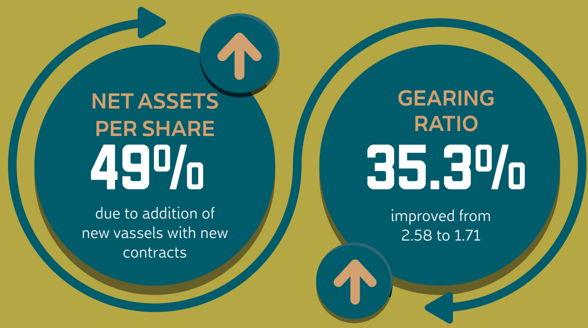
QUALITY

SECURITY CULTURE

CORPORATE PROFILE (continued)

"E.A. TECHNIQUE (M) BERHAD (E.A. TECHNIQUE) WAS INCORPORATED IN MALAYSIA ON 18 JANUARY 1993 UNDER THE COMPANIES ACT 1965 AS A PRIVATE LIMITED COMPANY AS E.A. TECHNIQUE (M) SDN. BHD. IT WAS LISTED ON THE MAIN MARKET OF BURSA MALAYSIA ON 11 DECEMBER 2014."

KEY HIGHLIGHTS



The history of our Group can be traced back to 18 January 1993 with incorporation of E.A. Technique in Malaysia under the Companies Act 1965 as a private limited company under the name of E.A. Technique (M) Sdn Bhd. Our initial operation was in the provision of marine consultancy services and cargo broking before we expanded into marine vessel operations in 1995 with the acquisition of our first product tanker, Kaikura for the transportation and provision of CPP as bunker for ferry operators. In 1995, we successfully registered ourselves with PETRONAS and the Ministry of Finance (MOF) to enable us to provide services within the O&G industry in Malaysia.

In early 2007, Sindora, a company which is 100% owned by Kulim (Malaysia) Berhad became our holding company with a 51% equity stake in E.A. Technique. Kulim is a wholly owned subsidiary of Johor Corporation ("JCorp"). Hence, we are a part of JCorp group of companies. Subsequently, on 11 December 2014, E.A. Technique was listed on the Main Market of Bursa Malaysia as E.A. Technique (M) Berhad.

We are principally an owner and operator of marine vessels where our business is focused on marine transportation and offshore storage of oil & gas ("O&G"), and provision of port marine services.

We have embarked into marine engineering and marine engineering solutions when we were awarded with the contract for the provision of Engineering, Procurement, Construction, Installation & Commissioning ("EPCIC") of a Floating Storage & Offloading ("FSO") facility for Full Field Development ("FFD") project, North Malay Basin.

The Company is involved in the charter of various types of tankers for the transportation and offshore storage of oil & gas, charter of marine tug vessels for the provision of port marine services and charter of Offshore Support Vessels ("OSV") in the form of fast crew boats to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

As at 31 August 2018, the Company operates a total fleet of 45 marine vessels in their portfolio. Of the total 45 marine vessels that we operate, E.A. Technique owns 42 of these marine vessels which comprises eight (8) oil & gas tankers (inclusive of two (2) Floating Storage & Offloading Unit ("FSU/FSO"), five (5) OSVs and 29 marine vessels. The remaining 3 marine vessels are chartered from external parties.

Also as part of our vertical expansion plan, we have ventured into shipbuilding, ship repair and minor fabrication in 2007 through our subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"), which operating on a 20 acres land in Hutan Melintang, Perak. Recently, JSE has been selected as "Outstanding Ship Builder 2017" by Ministry of Transport.

We also entered into a share sale agreement ("SSA") to acquire a 100% equity stake in Libra Perfex Precision Sdn Bhd ("Libra"), which was completed in 22 November 2016. Libra as our wholly owned subsidiary has been awarded with the contract for provision of tugboats for the operations of Petronas Floating LNG1 (L) Ltd ("PFLNG1").

CORE BUSINESS

Our product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing known as Clean Petroleum Products ("CPP") e.g. kerosene (jet fuel), diesel and petrol (RON95 & RON97).

FSU/FSO are typically used to support production platforms as an offshore Oil & Gas storage facility at brown fields; and Liquid Petroleum Gas ("LPG") tankers are used to transport liquefied gases including propane, butane and other gases such as propylene and butylene, albeit in smaller concentrations. These gases are required to be transported under high pressure and/or low temperatures to maintain them in a liquid state.

We also operate Offshore Supply Vessels ("OSV"), namely fast crew boats, which are primarily used to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

We are also engaged in the provision of port marine services for petrochemical and bulk & containerised ports in Malaysia. The types of port marine services that we provide at the ports include, among others:

- Towage services comprising towing, pushing or maneuvering vessels
- Mooring services which involve securing a marine vessel to specially constructed fixtures such as piers, quays, wharfs, jetties, anchor buoys and mooring buoys

We also provide dockside mooring services where we have mooring personnel to secure vessels to floating structures and fixtures at the wharf.

Our marine engineering services are divided into 2 segments i.e. provision of marine engineering solutions and shipbuilding & ship repair activities. Marine engineering solutions encompass provision of marine engineering solutions and EPCIC activities:

Our shipbuilding and ship repair activities serve as an internal supporting arm to our marine vessels.

- **Shipbuilding**: Some of the shipbuilding activities that we carry out include construction of hull and structure, installation of machinery, equipment and instruments, and various embedded systems on the deck of the vessel, painting and coating, as well as testing and commissioning.
- **Ship Repair**: Our ship repair utilises the same facilities, equipment and skill set as shipbuilding. Our repair works involves inspection, replacement, modification, removal, installation and cleaning.

We also undertake the minor fabrication of steel structures in our shipyard. The steel structures that we fabricate are mainly for marine vessels for example helipad, flare stack, skids and piping systems.

MARINE TRANSPORTATION AND OFFSHORE STORAGE OF OIL & GAS

PROVISION OF PORT MARINE SERVICES

MARINE ENGINEERING SERVICES

OUR FLEET

OIL TANKER

M.T. Nautica Johor Bahru

M.T. Nautica Maharani

M.T. Nautica Batu Pahat

M.T. Nautica Kota Tinggi

M.T. Nautica Renggam

M.T. Nautica Pagoh

OFFSHORE SUPPORT VESSELS (OSV)

M.V. Nautica Tg. Puteri IV

M.V. Nautica Tg. Puteri XXX

M.V. Nautica Air Hitam

M.V. Nautica Gambir

M.V. Nautica Langsat

FLOATING STORAGE UNIT/ OFFLOADING (FSU / FSO)

FSU Nautica Muar

M.T. Fois Nautica Tembikai

CHARTER IN VESSELS

Kejora 59
Kejora 57
M.T. Summer Coral

PORT OPERATIONS

M.V. Nautica Tg. Puteri I
M.V. Nautica Tg. Puteri II
M.V. Nautica Tg. Puteri VII
M.V. Nautica Tg. Puteri VIII
M.V. Nautica Tg. Puteri IX
M.V. Nautica Tg. Puteri X
M.V. Nautica Tg. Puteri XI
M.V. Nautica Tg. Puteri XII
M.V. Nautica Tg. Puteri XV
M.V. Nautica Tg. Puteri XVI
M.V. Nautica Tg. Puteri XVII
M.V. Nautica Tg. Puteri XVIII
M.V. Nautica Tg. Puteri XIX
M.V. Nautica Tg. Puteri XX
M.V. Nautica Tg. Puteri XXI
M.V. Nautica Tg. Puteri XXII
M.V. Nautica Tg. Puteri XXIII
M.V. Nautica Tg. Puteri XXIV
M.V. Nautica Tg. Puteri XXV
M.V. Nautica Tg. Puteri XXVI
M.V. Nautica Tg. Puteri XXVII
M.V. Nautica Tg. Puteri XXVIII
M.V. Nautica Tg. Puteri XXIX
M.V. Nautica Tg. Puteri XXXIII
M.V. Nautica Tg. Puteri XXXIV
M.V. Nautica Tg. Puteri XXXV
M.V. Nautica Tg. Puteri XXXVI
M.V. Nautica Tg. Puteri XXXVII
AMAL II

KEY ACHIEVEMENTS & MILESTONES

93

Incorporation of E.A. Technique (M) Sdn Bhd, which was, involved in the provision of marine consultancy services.

95

Expanded business to include marine vessel operations. Acquired our first product tanker, Kaikura (disposed of in 2000) Successfully registered us with Petroliam Nasional Berhad ("PETRONAS") and Ministry of Finance ("MOF").

97

Secured our first contract with PETRONAS Dagangan Berhad ("PETRONAS Dagangan") for time chartering of our product tanker namely M.T. Nautica Kluang (currently known as Princess Sofea) for a period of five (5) year with the option to extend for one (1) additional year, which we have continually extended until end 2013.

02

Acquired an additional 4.421 deadweight tonnage ("DWT") product tanker, namely M.T. Nautica Mersing (disposed in 2011).

03

Ventured into the operation of Liquefied Petroleum Gas ("LPG") tankers with the acquisition of a LPG tanker, namely M.T. Nautica Segamat.

04

Secured a five (5) year time charter contract for the time charter of our first LPG tanker. M.T. Nautica Segamat, which was disposed off upon completion of the contract duration. Obtained a contract for the time charter of two (2) harbour tugboats, namely M.V. Nautica Tg. Puteri I and M.V. Nautica Tg. Puteri II, thus marking our foray into the provision of port marine services.

06

Contracted out the design and construction of our first 5,500 DWT double hull product tanker, namely M.T. Nautica Johor Bahru, which was completed in 2008.

07

Sindora Berhad ("Sindora") acquired a 51% equity stake of our Company. Incorporated Johor Shipyard and Engineering Sdn Bhd ("Johor Shipyard"), which is involved in shipbuilding, ship repair, and minor fabrication at a rented shipyard in Teluk Intan, Perak. Acquired a product tanker named M.T. Nautica Muar to service a time charter contract for a period of three (3) year with the option to extend for one (1) additional year. The vessel was subsequently converted into a FSU in 2013. Ventured into chartering of OSV to operators in the O&G industry in Malaysia.

08

Secured three (3) time charter contracts for three (3) units of 10,000 DWT double hull product tankers for a period of ten (10) year with the option to extend for three (3) additional years. Involved in the design and construction of our first 10,000 DWT double hull product tanker, namely M.T. Nautica Maharani through Johor Shipyard. The vessel was completed and delivered in 2011.

09

We entered into the Subscription and Share Purchase Agreement ("SSPA") to acquire and subscribe an aggregate of approximately 29.9% equity stake in Orkim Sdn Bhd ("Orkim") and subsequently exercised our option to acquire an additional 1.1% in Orkim in 2011.

Secured contract for the provision of port marine services incorporating mooring services, crew and time charter of two (2) mooring boats, namely M.V. Nautica Tg. Puteri VII and M.V. Nautica Tg. Puteri VIII for an O&G terminal in Malacca.

10

Secured a time charter contract for four (4) tugboats comprising two (2) utility boats and two (2) harbour tugboats, which were subsequently completed in 2011 and 2012 respectively.

12

Johor Shipyard tented a 10-acre site at Hutan Melintang, Perak as the new location for our shipyard operations. Construction on the new shipyard, which is able to accommodate vessels up to, 10,000 DWT commenced in June 2013 and was completed in October 2013. Secured a time charter contract for our FSU. The contract commenced in 2013. Obtained a three (3) year contract for four (4) marine vessels for the provision at port marine services for the Sungai Udang LEKAS Regasification Project. Three (3) out of four (4) of the vessels are chartered in from third parties. Secured a three (3) year time charter contract for one (1) of our harbour tugboats.

13

Secured a one (1) year contract for the time charter of a pressurized LPG tanker. For the contract, we chartered a 3.728 DWT LPG tanker from an external party. Obtained a ten (10) year contract with an option for a two (2) year extension to construct and operate six (6) new harbour tugboats for Northport. During the interim two (2) years construction period, three (3) of our vessels with three (3) chartered in vessels from third parties are currently servicing the contract. We disposed our entire equity stake in Orkim in April 2013.

14

Secured a three (3) year contract for time charter of two (2) pressurized LPG tankers.

Awarded a four (4) year contract with option to extend for an additional two (2) years from Vestigo Petroleum Sdn Bhd for the operations of an FSO to service the Tembikai marginal oilfields.

Acquired an oil tanker to be converted to a Floating Storage and Offloading ("FSO") unit to service the Tembikai marginal oilfields, namely M.T. FOIS Nautica Tembikai.

Awarded an eighteen (18) month contract with the option to extend for an additional sixty (60) month via a back-to-back time charter party agreement with Libra Perfex Precision Sdn Bhd for the provision of tugboat services for the operation of a new floating gas liquefaction facility located offshore Sarawak.

Received Letter of Award for the Provision of Engineering Procurement Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") Facility Full Field Development ("FFD") Project, North Malay Basin valued at USD 191.8 million.

15

Secured a five (5) year bareboat charter contract with Classic Marine Sdn Bhd for the provision of one (1) unit fast support vessel. Signing of contract for the provision of Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") facility for Full Field Development ("FFD") project, North Malay Basin. Delivery of M.T. FOIS Nautica Tembikai to Tembikai marginal oilfield for four (4) year contract with option to extend for an additional two (2) years.

Secured contract for provision and operation of two (2) units of 40 tonnes bollard pull harbour tugboats for Kertih Port Sdn Bhd and provision of harbour tugboat cum support vessel for Petronas Penapisan (Terengganu) Sdn Bhd.

Awarded contract for the provision and operation of two (2) units 60 tonnes bollard harbour tugboats, one (1) unit 40 tonnes bollard pull harbour tugboats and one (1) unit multipurpose mooring boat by Sungai Udang Port Sdn Bhd.

16

Awarded a contract in December 2016 for a Fast Crew Boat with ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") for the provision of one (1) 25 knots FCB to support EMEPMI crew change operations. The vessel "Nautica Tg. Puteri XXX" is delivered in January 2017 and hired for a primary period of seven (7) months with two (2) extension options of one (1) month each exercisable by EMEPMI.

17

Awarded with three (3) contract agreements in 2017, which these contracts were signed with Bintulu Port Sdn Bhd and ExxonMobil Exploration & Production Malaysia Inc. ("EMEPMI")

- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – MSD/MOB/002/2017
- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – BHB-5/2/2017
- Provision of one (1) 25 knots FCB to support EMEPMI crew change operations.

18

- Awarded contract for the provision of one (1) unit 60 tonnes bollard pull harbour tug by Berkat Petroleum Sdn Bhd.
- Secured a short-term contract with EnQuest Petroleum Production Malaysia Ltd for the provision of replacement of one (1) unit fast crew boat (FCB).
- Awarded contract by ExxonMobil Exploration and Production Malaysia Inc. and EnQuest Petroleum Production Malaysia Ltd for provision and operation of two (2) units fast crew boat (FCB) 25 knots 60 pax.
- Awarded contract by PETRONAS Carigali Sdn Bhd and EnQuest Petroleum Production Malaysia Ltd for provision and operation of one (1) unit fast crew boat (FCB) 25 knots 70 pax.
- Delivery of M.V. Nautica Gambir and M.V. Nautica Langsat to serve contract with ExxonMobil Exploration & Production Malaysia (EMEPMI), PETRONAS Carigali and EnQuest Petroleum.
- Awarded a short-term contract by KMZ Energy Sdn Bhd for the provision of replacement of FCB to service PCSB.
- Awarded contract by PETRONAS for the supply and operation of two (2) units of harbour tugs for Kertih Port Sdn Bhd and one (1) unit of harbour tug for PETRONAS Penapisan (Terengganu) Sdn Bhd.
- Secured contract for the provision and operation of one (1) unit of 40 tonne harbour tug, one (1) unit of mooring boat and one (1) unit of 60 tonne harbour tug for Sg. Udang Port Sdn Bhd.
- Secured contract for the provision and operation of one (1) unit of 60 tonne harbour tug No. 2 for Sg. Udang Port Sdn Bhd, RGT.
- Secured a short-term contract with KMZ Energy Sdn Bhd for the provision of replacement of FCB to service PCSB.


KUALA LUMPUR: EA Technique (M) Bhd recently secured two new contracts worth a total of RM94.5mil, which will improve the group's earnings visibility to up to five years.
PublicInvest research maintained its outperform rating on the counter with target price kept unchanged at 73 sen.
EA 科技获交通艇合约
EA Technique sees better financial performance
NAUTICA GAMBIR
Naming ceremony: Kamaruzzaman (third from right) with Noor Laila (fourth from right) and Abdul Hak (second from right) checking out MV Nautica Gambir at the naming and delivery ceremony of MV Nautica Gambir and MV Nautica Langsat at the Dundee Marine Ship Yard. — Bernama
EA Technique bags three-year charter contracts for two OSVs
EA Technique bags vessel supply contracts worth RM94.5m
HI


E.A Technique Bags Contract From Petronas Carigali For Fast Crew Boats
PublicInvest maintains outperform on EA Tech, TP at 73 sen
EA Technique Settles With MMHE Over Additional Work Order Claim
Kapal Nautika Tanjung Puteri IV penyelamat empat nelayan hanyut
EA Technique bags vessel supply contracts worth RM94.5m
E.A. TECHNIQUE (M) BERHAD
E.A. Technique sees improved financial performance in FY18
KUALA LUMPUR: EA Technique (M) Bhd has secured contracts to provide and operate two offshore support vessels (OSVs) for an undisclosed sum, it announced yesterday.
EA Technique said in a filing that it has secured the two contracts from ExxonMobil Exploration and Production Malaysia Inc through a conditional letter of award dated May 23, 2018.
The contracts awarded are for the provision and operation of two units of fast crew boats (25 knots, 80 pax) shared between ExxonMobil and EnQuest Petroleum Production Malaysia Ltd under the Integrated Logistic Control Tower Programme, it said.
MEDIA
GHLIGHTS

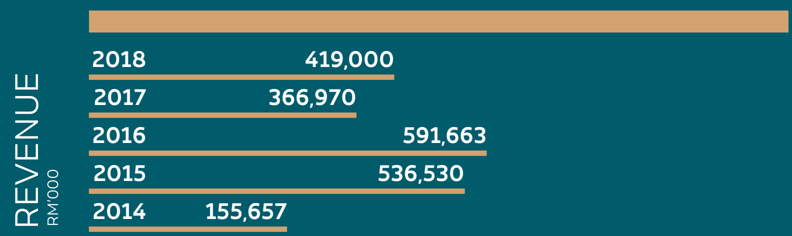
5-YEARS FINANCIAL HIGHLIGHTS

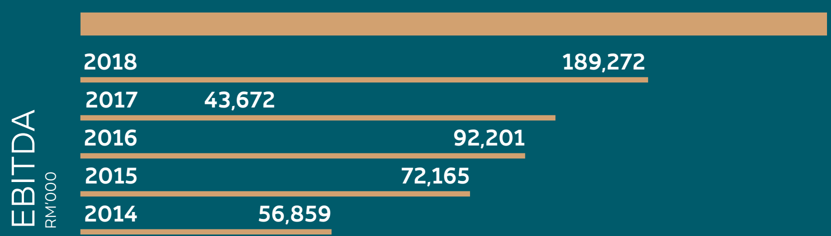
Financial Year Ended 31 December	2018 RM'000	2017 RM'000	2016 RM'000	2015^ RM'000	2014 RM'000
Revenue	**419,000**	366,970	591,663	536,530	155,657
Gross Profit/(Loss)	**135,829**	(125,332)	99,557	118,194	46,048
Gross Profil/(Loss) Margin	**32.42**	(34.15)	16.83	22.03	29.58
Earnings/(Loss) Before Interest, Tax, Depreciation & Amortisation EBITDA (LBITDA)	**189,272**	(43,672)	92,201	72,165	56,859
EBITDA/(LBITDA) Margin	**45.17**	(11.90)	15.58	13.45	36.53
Profit/(Loss) Before Taxation	**90,361**	(131,903)	21,541	15,818	19,687
PBT/(LBT) Margin	**21.57**	(35.94)	3.64	2.95	12.65
Profit/(Loss) After Taxation	**74,233**	(121,149)	8,778	11,536	14,234
Net Earnings Per Share (Net EPS)	**14.73**	(24.04)	1.74	2.29	2.82
Current Ratio	**0.18**	0.20	0.77	1.12	1.38
Gearing Ratio [(1)]	**1.71**	2.58	1.72	1.84	0.99

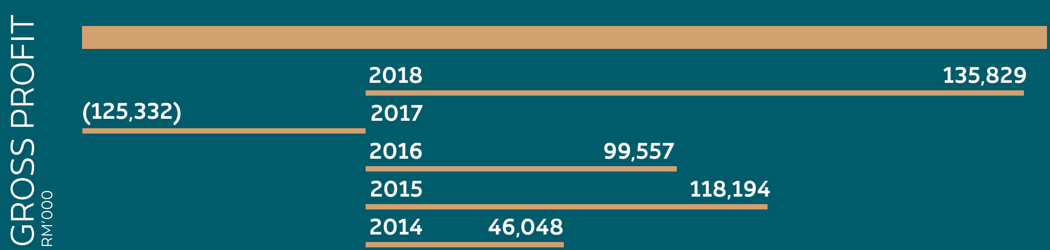
NOTES:

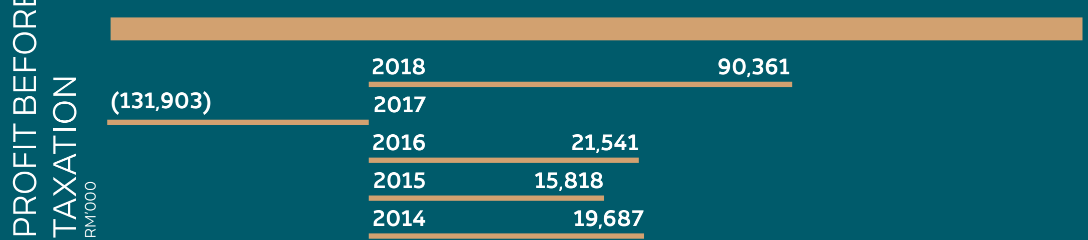
^ FYE 31 December 2015 figures have been restated.

(1) Calculated based on the total borrowings minus the corresponding cash and bank balances and short term deposits divided by the total shareholders' equity.

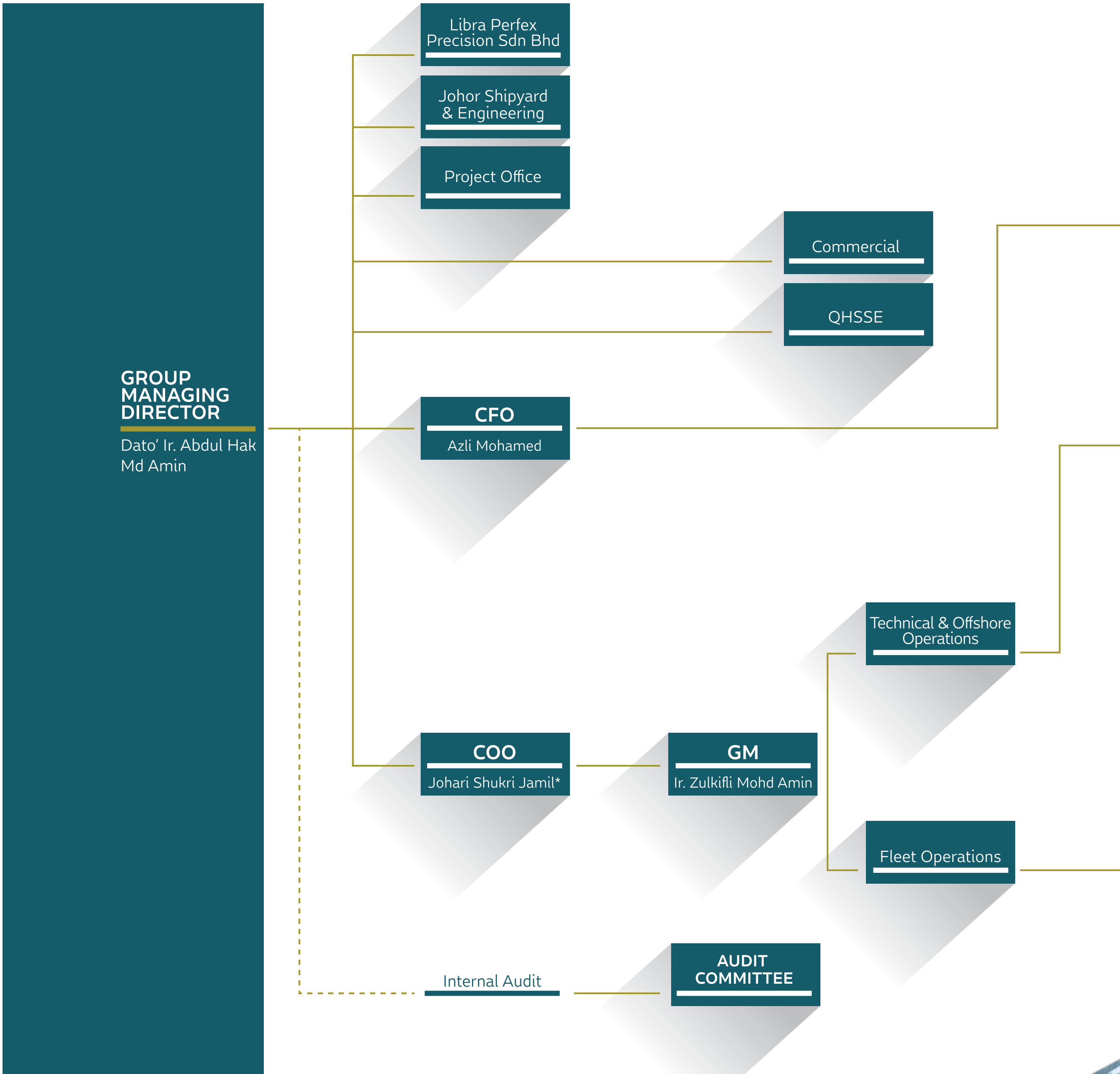

REVENUE
RM'000
2018 419,000
2017 366,970
2016 591,663
2015 536,530
2014 155,657


EBITDA
RM'000
2018 189,272
2017 43,672
2016 92,201
2015 72,165
2014 56,859

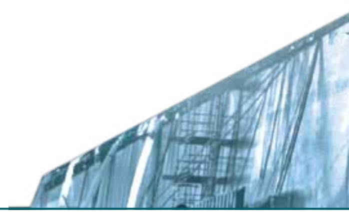

GROSS PROFIT
RM'000
2018 135,829
(125,332) 2017
2016 99,557
2015 118,194
2014 46,048

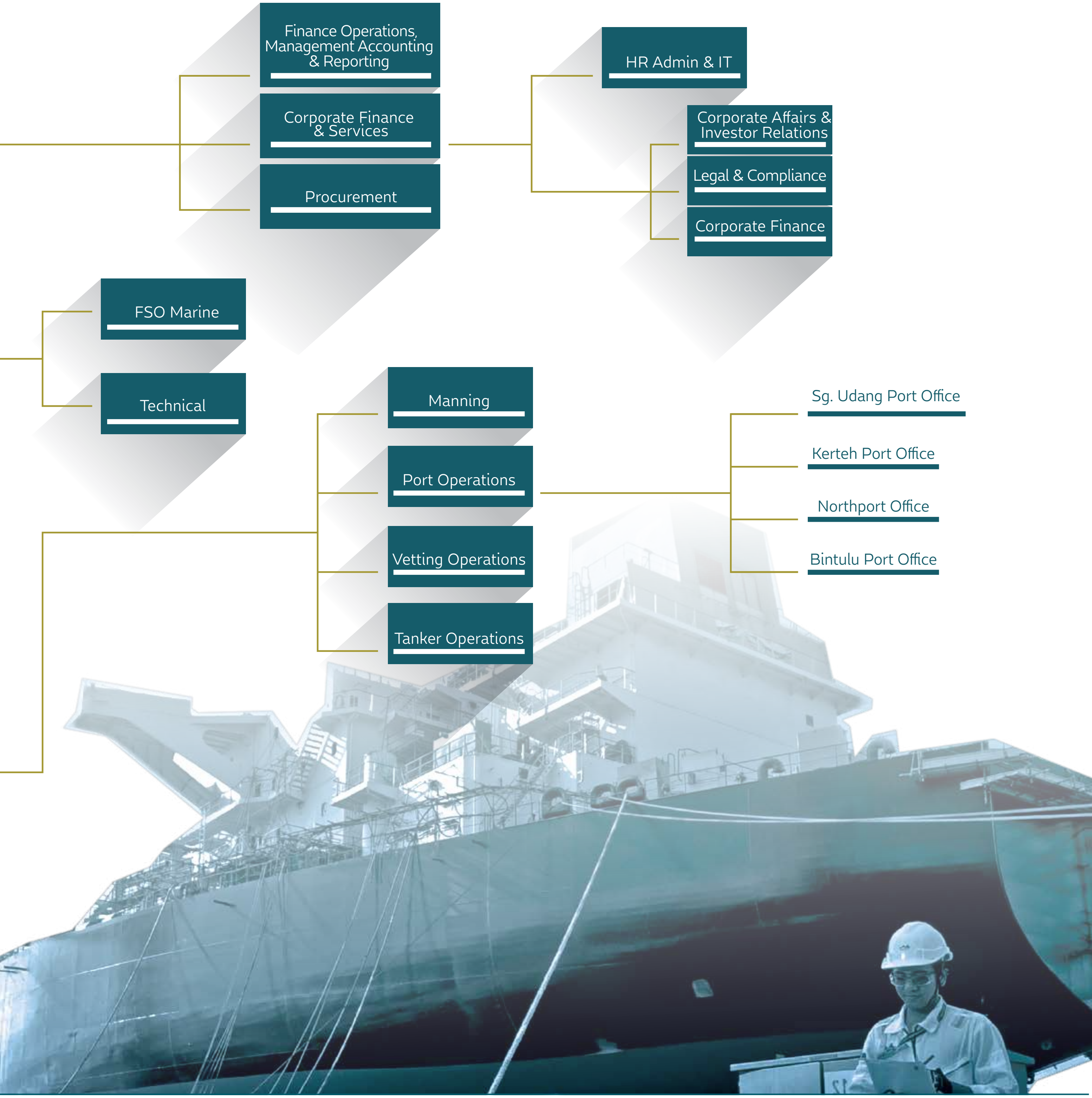

PROFIT BEFORE
TAXATION
RM'000
2018 90,361
(131,903) 2017
2016 21,541
2015 15,818
2014 19,687

ORGANISATION STRUCTURE



* Resigned w.e.f. 26 December 2018




Finance Operations, Management Accounting & Reporting
Corporate Finance & Services
Procurement
HR Admin & IT
Corporate Affairs & Investor Relations
Legal & Compliance
Corporate Finance
FSO Marine
Technical
Manning
Port Operations
Vetting Operations
Tanker Operations
Sg. Udang Port Office
Kerteh Port Office
Northport Office
Bintulu Port Office

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent Non-Executive Chairman

AHAMAD MOHAMAD
Non-Independent Non-Executive Deputy Chairman

DATO' IR. ABDUL HAK MD AMIN
Managing Director

DATUK MOHD NASIR ALI
Independent Non-Executive Director

ROZAN MOHD SA'AT
Independent Non-Executive Director

ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director

AZIAH AHMAD
Non-Independent Non-Executive Director

SECRETARIES

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(MIA 30423)

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sabarudin@jcorp.com.my

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54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
Facsimile : 603-4252 2163

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54200 Kuala Lumpur, Malaysia
Telephone : 603-4252 5422
Facsimile : 603-4266 0487

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No. 37, Lintang Sultan Mohamad 1B
Pusat Perdagangan Bandar Sultan Suleiman
42000 Port Klang, Selangor Darul Ehsan
Telephone : 012-502 9224
Email : nurhayat@eatechnique.com.my

SG. UDANG, MELAKA PORT OFFICE

Bangunan Pentadbiran
Persiaran Penapisan
76300 Sungai Udang
Melaka
Telephone : 012-730 5224
Email : khairulnizam@eatechnique.com.my

KERTIH PORT, TRENGGANU OFFICE

Bangunan Pentadbiran Kertih Port Sdn Bhd
Lot 3633 Kawasan Tengah KM105
Jalan Kuantan – Kuala Trengganu
24300 Kertih, Kemaman
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Email : azim@eatechnique.com.my

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97008 Bintulu, Sarawak
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Facsimile : 605-641 3679

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Johor Corporation
Level 16, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru, Johor
Telephone : 607-219 5064
Facsimile : 607-223 3175

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad (Main Market)
Listed since: 11 December 2014
Sector: Trading/Services
Stock name: EATECH
Stock code: 5259

PRINCIPAL BANKERS
RHB Bank Berhad
Malayan Banking Berhad
Bank Pembangunan Malaysia Berhad
AmBank (M) Berhad
Affin Bank Berhad

AUDITORS
Ernst & Young AF: 0039
Chartered Accountants
Level 23A, Menara Millennium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Telephone : 603-7495 8000
Facsimile : 603-2095 5332
website : www.ey.com

AUDIT COMMITTEE
Chairman
DATUK MOHD NASIR ALI
Independent Non-Executive Director

Members
ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director

AZIAH AHMAD
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE
Chairman
DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent Non-Executive Chairman

Members
DATUK MOHD NASIR ALI
Independent Non-Executive Director

ROZAN MOHD SA'AT
Independent Non-Executive Director

NOMINATION COMMITTEE
Chairman
DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent Non-Executive Chairman

Members
ABDUL AZMIN ABDUL HALIM
Independent Non-Executive Director

ROZAN MOHD SA'AT
Independent Non-Executive Director

WEBSITE
www.eatechnique.com.my

BOARD OF DIRECTORS

AZIAH AHMAD
Non-Independent
Non-Executive Director

DATO ' KAMARUZZAMAN ABU KASSIM
Non-Independent
Non-Executive Chairman

ROZAN MOHD SA'AT
Independent
Non-Executive Director

DATO' IR. ABDUL HAK MD AMIN
Managing Director

ABDUL AZMIN ABDUL HALIM
Independent
Non-Executive Director

DATUK MOHD NASIR ALI
Independent
Non-Executive Director

AHAMAD MOHAMAD
Non-Independent
Non-Executive Deputy Chairman

BOARD OF DIRECTORS PROFILE

DATO ' KAMARUZZAMAN ABU KASSIM
Non-Independent
Non-Executive Chairman

Age	: 55
Gender	: Male
Nationality	: Malaysian

Date Appointed To Board :
2 October 2017

Qualification :
Bachelor Of Commerce (Accountancy),
University Of Wollongong,
New South Wales, Australia
(1987)

WORKING EXPERIENCE AND OCCUPATION:
1. Audit Assistant, K.E. Chan & Associates (1988)
2. Audit Assistant, Coopers & Lybrand
3. Deputy Manager, Corporate Finance, Johor Corporation (1992)
4. General Manager, Corporate Finance, Johor Corporation (1999-2000)
5. Executive Director, Damansara Realty Berhad (2000-2006)
6. Chief Operating Officer, Johor Corporation (August 2006)
7. Senior Vice President, Corporate Services & International Business And Finance, Johor Corporation (January 2009)
8. Senior Vice President, Corporate Services & Finance, Johor Corporation (January 2010)
9. Acting President And Chief Executive Officer, Johor Corporation (July 2010)
10. President And Chief Executive Officer, Johor Corporation (1 December 2010)

Details of any Board Committee Involved:
1. Chairman Of Nomination Committee
2. Chairman Of Remuneration Committee

Other Directorship in Public Companies and Listed Issuers:
Listed Entity:
1. KPJ Healthcare Berhad
2. Damansara Reit Managers Sdn Bhd, The Manager For 2 Listed Funds : Al-'Aqar Healthcare Reit And As-Salam Real Estate Investment Trust

Non Listed Public Companies:
1. Kulim (Malaysia) Berhad
2. Johor Land Berhad
3. Waqaf An-Nur Corporation Berhad
4. QSR Brands (M) Holdings Bhd

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

WORKING EXPERIENCE AND OCCUPATION:

1. Johor Corporation (June 1979)
2. Managing Director, Kulim (Malaysia) Berhad (30 June 1994)
3. Corporate Advisor (1 January 2017)

Details of any Board Committee Involved:
No

Other Directorship in Public Companies and Listed Issuers:
Non Listed Public Companies:
1. Kulim (Malaysia) Berhad
2. QSR Brands (M) Holdings Bhd (Alternate Director)
3. Waqaf An-Nur Corporation Berhad

Any Family Relationship With Any Director And/Or Major Shareholder Of The Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

AHAMAD MOHAMAD
Non Independent Non-Executive Deputy Chairman

Age : 65
Gender : Male
Nationality : Malaysian

Date Appointed To Board :
12 October 2009

Qualification :
Bachelor Of Economics,
University Of Malaya (1976)

DATO' IR. ABDUL HAK MD AMIN
Managing Director

Age : 64
Gender : Male
Nationality : Malaysian

Date Appointed To Board :
1 February 2002

Qualification :
1. Master Of Science In Project Engineering From The University Of Lancaster, United Kingdom
2. Bachelor Of Science In Marine Engineering From Merchant Marine Academy, Jakarta (1976)
3. Diploma In Ship Survey From Det Norske Veritas, Oslo, Norway
4. Certificate Of Competency As A Foreign Going Marine Engineer
5. Professional Engineer With The Board Of Engineers, Malaysia

WORKING EXPERIENCE AND OCCUPATION:
1. Marine Engineer Onboard Ocean Going Vessels Owned By Malaysian International Shipping Corporation Sdn Bhd (1976)
2. Project Manager With Malaysian Fisheries Development Authority (1981)
3. Mill Engineer At Sime Darby Plantation Berhad (Mid 1981)
4. Project Engineer At Bank Pembangunan Malaysia Berhad (Mid 1983 – End 1983
5. Ship And Engineering Surveyor, Det Norske Veritas (Singapore) Pte Ltd
6. Principal Surveyor, Det Norske Veritas (Singapore) Pte Ltd (1990)
7. Managing Director Of Det Norske Veritas Sdn Bhd (1990 – 2002)
8. Managing Director, E.A. Technique (M) Berhad (1 February 2002)
9. Chairman Of Malaysia Shipowners' Association (MASA)
10. Chairman Of Advisory Council Shipping (ACI) – National Shipping And Port Council (Ministry of Transport)
11. Chancellor Of Ranaco Education And Training Institute
12. Member Of Universiti Teknologi Malaysia Industrial Advisory Council
13. Member Of Universiti Kuala Lumpur (MIMET) Advisory Council
14. Member Of Advisory Council Universiti Utara Perlis
15. Fellow Member Of Ikhtisas Kelantan Malaysia (IKMAL)
16. Member Of Australia Asia Committee For Bureau Veritas, France
17. Chairman Of The Malaysian Committee Of Nippon Kaiji, Kyokai (Class NK)
18. Corporate Member Of Institution Of Engineers, Malaysia (IEM)

Details of any Board Committee Involved:
No

Other Directorship in Public Companies and Listed Issuers:
Other Public Companies:
1. Lembaga Pius API Malaysia (Ministry Of Transport)
2. KWPPL (Jabatan Laut)
3. Domestic Shipping Licence Board (Ministry Of Transport)
4. Core Laboratories Malaysia Sdn Bhd
5. P & I Malaysia (Ministry Of Transport)

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
Datin Hamidah binti Omar - Spouse

Any Conflict of Interest with the Listed Issuer:
Berkat Global Sdn Bhd provides advisory services to the Company such as Marine Consultancy and Ship Design. The Company is 90% owned by Dato' Hak and 10% owned by Ir. Zulkifli Mohd Amin, who is also General Manager of the Company.

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

WORKING EXPERIENCE AND OCCUPATION:

1. Senior Financial And Marketing Analyst (1982)
2. Investment Manager, BBMB Unit Trust Management Berhad (1988)
3. General Manager Of Dealing & Research Department, Mayban Securities Sdn Bhd (1991 - 1995)
4. Chief Executive Officer, Kuala Lumpur City Securities Sdn Bhd (1996 – 2000)
5. Group Executive Director, Utusan Melayu (Malaysia) Berhad (2000 – 5 June 2014)

Details of any Board Committee Involved:
1. Chairman of the Audit Committee
2. Member of the Remuneration Committee

Other Directorship in Public Companies and Listed Issuers:
Other Public Companies:
1. Amanah Raya Berhad
2. Goodyear Malaysia Berhad

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

DATUK MOHD NASIR ALI
Independent Non-Executive Director

Age : 61
Gender : Male
Nationality : Malaysian

Date Appointed To Board :
17 October 2014

Qualification :
1. Bachelor Of Economics (Honours) Degree, University Of Malaya (1980)
2. Master Of Science (Finance), The University Of Strathclyde, United Kingdom (1988)

ABDUL AZMIN ABDUL HALIM

Independent Non-Executive Director

Age : 65
Gender : Male
Nationality : Malaysian

Date Appointed To Board :
15 April 2014

Qualification :

1. Diploma In Banking Studies From Mara Institute Of Technology (1974)
2. Bachelor Of Science Degree From Syracuse University, United States (1976)
3. Master Of Business Administration From Central Michigan University, United States (1978)

WORKING EXPERIENCE AND OCCUPATION:

1. Management Executive In Accounts Department, Esso Production Malaysia Inc. (1978 – 1981)
2. Cost Accountant, Motorola Malaysia (1981)
3. Management Executive, Petronas (1981 – 1989)
4. Manager In Commercial Department, Petronas Gas Sdn Bhd (1989 – 1994)
5. Senior Manager In Contracts And Procurement Department, Petronas Carigali (1994 – 2002)
6. Senior Manager In Tenders And Contracts Division, Petronas (2002 – 2008)

Details of any Board Committee Involved:

1. Member Of Audit Committee
2. Member Of Nomination Committee

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

WORKING EXPERIENCE AND OCCUPATION:

1. Audit Assistant, Coopers & Lybrand (1989)
2. Senior Manager, Pelangi Berhad (2006)
3. Deputy General Manager, PNB Commercial Sdn Bhd (2009)
4. Acting Chief Financial Officer, PNB Commercial Sdn Bhd (2011)
5. General Manager, Johor Corporation (2014)
6. Chief Financial Officer, Damansara Assets Sdn Bhd (2015)
7. General Manager, Johor Corporation (October 2016)

Details of any Board Committee Involved:

1. Member Of Audit Committee

Other Directorship in Public Companies and Listed Issuers:
Non Listed Public Companies:

1. Larkin Sentral Property Berhad

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

AZIAH AHMAD
Non-Independent
Non-Executive Director

Age : 52
Gender : Female
Nationality : Malaysian

Date Appointed To Board :
2 October 2017

Qualification :
Bachelor Of Commerce, (Accountancy)University Of Wollongong, New South Wales, Australia (1989)

ROZAN MOHD SA'AT
Independent Non-Executive Director

Age : 59
Gender : Male
Nationality : Malaysian

Date Appointed To Board :
1 January 2007

Qualification :
Bachelor Of Economics (Honours) Majoring In Statistics, Universiti Kebangsaan Malaysia (1982)

WORKING EXPERIENCE AND OCCUPATION:

1. Administrative Officer In Corporate Planning & Research Department, Johor Corporation (1983)
2. Operations Manager, Sergam (1986)
3. Administrative Officer In Corporate Communications Department, Johor Corporation (1987 – 1988)
4. Executive Director Of Several Subsidiaries In Johor Corporation Group (1988 – 1993)
5. General Manager In Tourism Division, Johor Corporation (1994)
6. Chief Executive In Tourism Division, Johor Corporation (15 June 1996)
7. General Manager In Business Development, Johor Corporation (January 1999)
8. Senior General Manager In Business Development Of Johor Corporation (2000 - August 2002)
9. Managing Director Of Sindora Berhad (1 September 2002)
10. Managing Director Of PIJ Holdings Sdn Bhd (March 2014)

Details of any Board Committee Involved:

1. Member of Nomination Committee
2. Member of Remuneration Committee

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

Number of Board Meetings Attended in the Financial Year:
4/4

COMPANY SECRETARIES

SABARUDIN HARUN
Company Secretary

NURALIZA A. RAHMAN
Company Secretary

MANAGEMENT TEAM

from left to right

standing
MOHD YUSNI RAZALI
SHAHRIR KAMARUDDIN
TAJUL ASIKIN SALLEHUDIN
ROSLAN NORDIN

sitting
NEW KOK HO
ALI NOOR RAZAK MOHD NOOR SIDEK

from left to right

standing
NORWAHIDA JAAFAR
CHE ZAL AZILAH CHE OMAR
AHMAD FAREZ SUHAIMI

sitting
MOHD FAIZUL ABDUL HAK
FARRAH RADZIAH ABDUL HAK

MANAGEMENT PROFILE

AZLI MOHAMED
Chief Financial Officer

Age : 51
Gender : Male
Nationality : Malaysian

Date Appointed To Position :
1 October 2017

Qualification :
- Graduate of the Association of Chartered Certified Accountants, United Kingdom
- Members of The Malaysian Institute of Accountants

WORKING EXPERIENCE AND OCCUPATION:
1. 1992 till 2001: Audit Assistant and last position as Manager at PricewaterhouseCoopers
2. 2001 till 2006: Group Accountant at KPJ Healthcare Berhad
3. 2006 to 2007: Chief Financial Officer at New Jeddah Clinic Hospital, Jeddah
4. 2007 to 2011: General Manager, Finance Division at Johor Corporation
5. 2011 to 2017: Chief Financial Officer at Kulim (Malaysia) Berhad

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

WORKING EXPERIENCE AND OCCUPATION:

1. 1992 to 1993 – Naval Architect, Penang Shipbuilding Corporation
2. 1993 – Engineer / Naval Architect, GEC (Malaysia) Sdn Bhd
3. 1994 to 1997 – Technical Executive, E.A. Technique (M) Sdn Bhd
4. 1998 to 2006 – Technical Manager, E.A. Technique (M) Sdn Bhd
5. 2006 to Present – General Manager, E.A. Technique (M) Berhad

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
Brother to Dato' Ir. Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

IR. ZULKIFLI MOHD AMIN
General Manager

Age : 51
Gender : Male
Nationality : Malaysian

Date Appointed To Position :
1 October 2006

Qualification :

- B Sc in Naval Architecture and Marine Engineering, University of New Orleans, Louisiana USA
- Registered as a Professional Engineer with Practising Certificate with Board of Engineers Malaysia (BEM)
- Members of Institute of Engineers Malaysia (IEM)
- Members of Ikhtisas Kelautan Malaysia (IKMAL)

TAJUL ASIKIN SALLEHUDIN
Senior Manager, Technical

Age : 55
Gender : Male
Nationality : Malaysian

Date Appointed To Position :
1 January 2016

Qualification :
1. B Sc Marine Engineering, Indonesian Merchant Marine Academy, Jakarta Indonesia
2. First Class Certificate of Competency – Marine Engineering (Motor and Steam), Ministry of Transport, Indonesia
3. Members of Malaysian Maritime Institute

WORKING EXPERIENCE AND OCCUPATION:
1. 1984 to 1995 – Marine Engineer, MISC Berhad
2. 1996 – Project Engineer, Shapadu Energy and Engineering Sdn Bhd
3. 1997 – Building Chief Engineer, Pan Pacific Hotel, Kuala Lumpur
4. 1998 – Field Services Manager (Acting General Manager), Sapura Petroleum Services
5. 1999 – Base / Business Development Manager (Acting General Manager), Sapura Maritime Engineering Sdn Bhd
6. 1999 to 2001 – Managing Director, Profil Budi Sdn Bhd
7. 2001 to 2002 – VP Operation, Rusli Offshore Corporation Sdn Bhd
8. 2002 to 2006 – Senior Superintendent Tanker, MISC Berhad
9. 2006 – Head of Fleet, Global Carriers Berhad
10. 2007 – Advisor / Consultant, Profil Budi Sdn Bhd
11. 2007 to 2011 – Head of Fleet, Global Carriers Berhad
12. 2012 – General Manager Fleet Operations, JRI Resources Sdn Bhd
13. 2013 to 2015 – Technical Manager, E.A. Technique (M) Berhad
14. 2016 to Present – Technical Senior Manager, E.A. Technique (M) Berhad

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No

WORKING EXPERIENCE AND OCCUPATION:

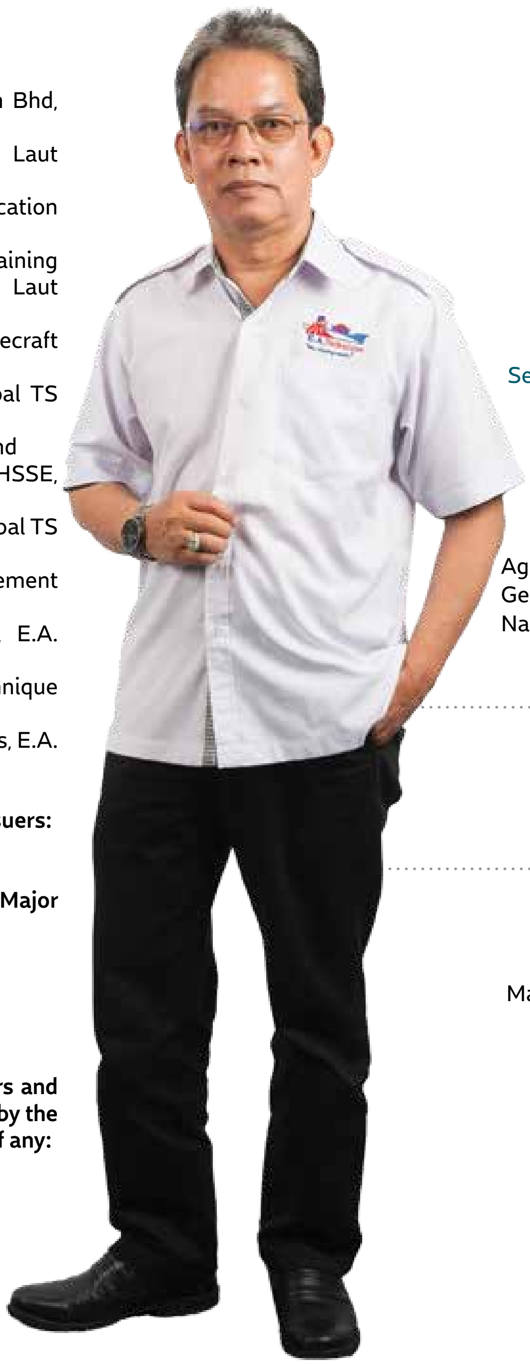
1. 1984 to 1995 – Navigating Officer, MISC Berhad
2. 1995 to 1996 – Chief Officer, MCM Sdn Bhd
3. 1997 to 1999 – Ship Master, Global Carriers Sdn Bhd, E.A. Technique (M) Sdn Bhd, Jelai Marine Services
4. 2000 to 2002 – Nautical Lecturer, Akademi Laut Malaysia (ALAM)
5. 2002 to 2003 – Maritime Training and Education Director, Pelita Akademi Sdn Bhd
6. 2004 to 2005 – Director (Recruitment and Training Development / Operation), Latihan Perikanan Laut Dalam Armada Berhad
7. 2005 to 2006 – Marine Project Manager, Cyclecraft Accessories (M) Sdn Bhd
8. 2006 to 2008 – Technical Superintendent, Global TS Sdn Bhd
9. 2008 to 2009 – HSSE Manager, Global TS Sdn Bhd
10. 2009 to 2010 – Head of Marine Operation and HSSE, Global TS Sdn Bhd
11. 2010 – Head of Crew Resources and Manning, Global TS Sdn Bhd
12. 2011 to 2013 – Senior Manager, Fleet Management Division, Global TS Sdn Bhd
13. 2013 to 2014 – Manager, Manning / Vetting, E.A. Technique (M) Berhad
14. 2014 to 2015 – Manager, Fleet Operation, E.A. Technique (M) Berhad
15. 2016 to Present – Senior Manager Fleet Operations, E.A. Technique (M) Berhad

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No



MOHD YUSNI RAZALI
Senior Manager Fleet Operations

Age	: 56
Gender	: Male
Nationality	: Malaysian

Date Appointed To Position :
1 January 2016

Qualification :
Certificate of Competency as Master of a Foreign Going Ships, Maritime Academy Malaysia (ALAM)

NEW KOK HO
General Manager / Executive Director

Age : 49
Gender : Male
Nationality : Malaysian

Date Appointed To Position :
1 June 2017

Qualification :
1. Bachelor of Engineering, Marine Technology, Universiti Teknologi Malaysia
2. Board of Engineers, Malaysia
3. Members of The Institute Engineer, Malaysia
4. Members of Institute of Management, Malaysia

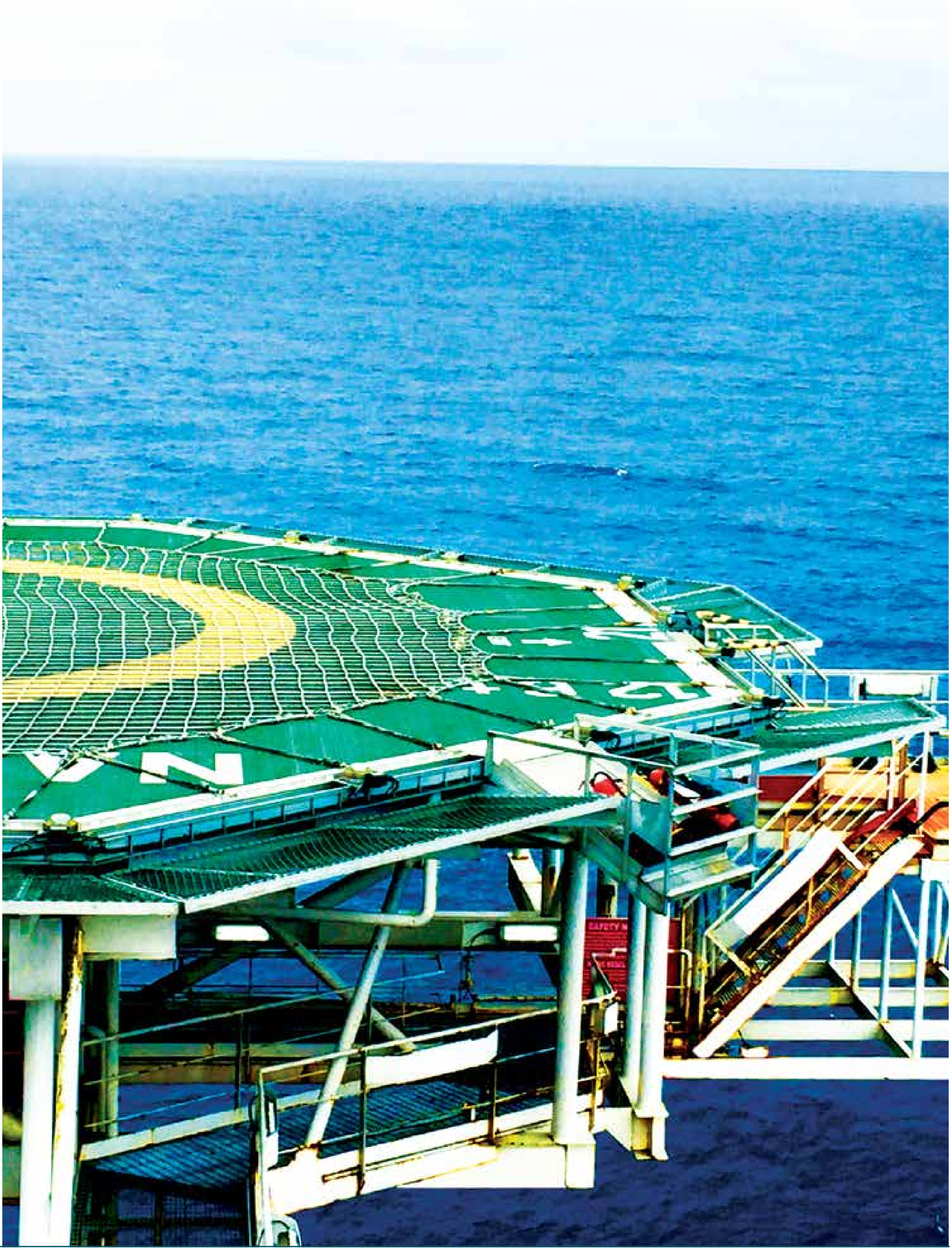
WORKING EXPERIENCE AND OCCUPATION:
- 1994 to 2000 - Senior Services Engineer (Project), Syarikat Ong Yik Lin Sdn Bhd
- 2000 to 2003 – Property Manager, Metrojaya Berhad
- 2003 to 2008 – Project Manager, Sumber Samudra Sdn Bhd
- 2008 to 2014 – Project Manager, Johor Shipyard and Engineering Sdn Bhd
- 2014 to 2017 – General Manager, Johor Shipyard and Engineering Sdn Bhd
- 2017 to Present – Executive Director, Johor Shipyard and Engineering Sdn Bhd

Other Directorship in Public Companies and Listed Issuers:
No

Any Family Relationship with any Director and/or Major Shareholder of the Listed Issuer:
No

Any Conflict of Interest with the Listed Issuer:
No

List of Convictions for Offences within the Past 5 Years and Particulars of Any Public Sanction or Penalty Imposed by the Relevant Regulatory Bodies during the Financial Year, if any:
No



CHAIRMAN'S STATEMENT

DATO' KAMARUZZAMAN ABU KASSIM
Non-Independent
Non-Executive Chairman

DEAR SHAREHOLDERS, I AM PLEASED WITH THE PROGRESS MADE IN FY 2018 AGAINST OUR STATED OBJECTIVES, AND OUR TURNAROUND HAS PROPELLED THE GROUP TO A NEW POSITION OF STRENGTH, WITH A FUTURE OF SUSTAINED GROWTH AND EXCITING POSSIBILITIES.

SUSTAINABLE & STRATEGIC GROWTH

Dear Shareholders,

The year under review ended 31 December 2018 ("FY 2018") was a pivotal one for E.A.Technique (M) Bhd ("E.A.Technique"). Despite a challenging business environment, I am pleased to announce that the Company staged a turnaround to post its highest ever Profit Before Tax ("PBT") of RM90.4 million as opposed to loss before tax of RM131.9 million registered in FY 2017.

Our latest financial results underscore the fundamental strengths of the Group and these are encapsulated in the theme of this year's report. Notwithstanding the tough macro-economic conditions, in 2018, we have chosen to focus on revitalisation and preparing for the next thrust forward. Our results have proven that, driven by an energized workforce rallying together as a cohesive team, our business model is both sustainable and resilient.

Hence, I am pleased with the progress made in FY 2018 against our stated objectives, and our turnaround has propelled the Group to a new position of strength, with a future of sustained growth and exciting possibilities. I hope you will continue to journey with us to unlock the Group's significant potential.

On behalf of the Board of Directors, it is my pleasure to present the audited accounts and annual report of E.A.Technique (M) Bhd for the financial year ended 31 December 2018. This includes our second Sustainability Report, which is in line with Bursa Malaysia's requirement for public listed companies to outline their sustainability practices, operating in a responsible way across three areas - the Economy, Environment and Society ("EES"). In committing ourselves to sustainability goals, we are living up to our long-held mission of balancing profitability with a social conscience.

AS A STRONGER ENTITY, THE GROUP HAS ESTABLISHED THE UPWARD MOMENTUM FOR THE NEXT THRUST FORWARD. WE REMAIN COMMITTED TO DELIVERING LONG-TERM SUSTAINABLE VALUE TO ALL OUR SHAREHOLDERS AND WE BELIEVE THAT THE STRATEGIC PRIORITIES WE HAVE IDENTIFIED WILL BE THE KEY TO ACHIVE THIS GOAL

STRATEGIC OBJECTIVES

We started 2018 with a holistic and critical assessment of all aspects of our business, in which structures, systems, processes, resources and strategies were over-hauled aimed at producing near-term results and also to reinforce the foundation to deliver sustainable long-term shareholder value.

Decisive entrepreneurial actions were taken in FY 2018 to determine a clear path forward and strategic priorities were set, which included the following:

- Fulfilling our contractual obligations on the Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") Project
- Relentlessly focusing on areas in which we have a distinct competitive advantage which is in the charter hire business. This is complemented by an operational diversification strategy, to reduce over-dependence on the oil and gas sector
- Exercising financial discipline in all areas of our business, including making the right capital allocations and restricting borrowings so as to improve the debt-to-equity ratio to a more manageable level
- Improving our operating performance in key areas such as managing costs, ramping up productivity and improving efficiency
- Differentiating ourselves from the competition vis-à-vis our brand identity and an attractive value proposition, which combines a strong integrated operating platform with an experienced workforce
- Solidifying the long-term relationships we have nurtured with our clients/charterers, based on trust and mutual understanding
- In the business we are in, Health, Safety and Environment remains a top priority for everyone at E.A.Technique. Rigorous management of HSE matters helps to protect the people at the front line, the places in which we operate and the value we create

KEY PERFORMANCE INDICATORS

By constantly assessing our progress against strategic priorities identified, a lot of ground were covered over the past year, which was reflected in our Key Performance Indicators. Our efforts have been rewarded not only with a marked performance in financial strength, but the Group has consolidated its competitive position in all key areas of its business. Significant strides were also made in operational cost efficiency, which we achieved without compromising on the high standards we set ourselves in the key area of Health, Safety, Security, Environment and Quality ("HSSEQ").

OUR EFFORTS HAVE BEEN REWARDED NOT ONLY WITH A MARKED PERFORMANCE IN FINANCIAL STRENGTH, BUT THE GROUP HAS CONSOLIDATED ITS COMPETITIVE POSITION IN ALL KEY AREAS OF ITS BUSINESS.

Sustainable Financials. Without question, our most important KPI must be our financial performance, and in FY 2018, we recorded a healthy PBT of RM90.4 million, our highest ever since public listing. The significant improvement was mainly due to an adjustment of EPCIC cost provision of RM71.6 million net made in FY 2017, post sail away of Mekar Bergading in June 2018. Our operational diversification strategy has also paid off, with higher revenue generated by the Group's charter hire business.

Debt-to-Equity Ratio. The Group's debt-to-equity ratio has improved to a manageable 2.66 in FY 2018, compared with 3.97 the previous year. The improved ratio was achieved with the Group's return to profitability as well as the repayment of some of its loan debts.

Completion of EPCIC. The sail-away of the Floating, Storage and Offloading ("FSO") vessel, Mekar Bergading, in June 2018 marked the completion of our contractual obligations for the provision of a FSO for a Full Field Development Project in the North Malay Basin. The facility was originally scheduled for delivery in 2017, 20 months after the letter of award.

Order Book. FY 2018 was also an exceptional year in terms of the number and value of contracts secured in our respective business divisions. As at 31 December 2018, the Group's order book was approximately RM 572.49 million with additional RM 216.65 million for extension period.

Description	2018	2017	2016	2015	2014
Accidents with fatality	0	0	0	0	0
Accidents with lost workdays	0	0	0	0	0
Total workdays lost	0	0	0	0	0
Accident without lost workdays	0	0	0	0	0
Incident rate	0	0	0	0	0
Frequency rate	0	0	0	0	0
Severity rate	0	0	0	0	0

Growing Customer Base. Attesting to our track record and reputation, our customer base continues to expand. We have developed solid long-term relationships with many reputable O&G players, including the national oil corporations of Malaysia (PETRONAS) and Indonesia (PERTAMINA). Other notable O&G players in our customer base include ExxonMobil, Hess (Malaysia) Sdn Bhd, Enquest Petroleum and various PETRONAS subsidiaries such as PETRONAS Carigali, PETRONAS Dagangan, PETRONAS FLNG and Kerteh Port Sdn Bhd.

Health, Safety, Security and Environment and Quality ("HSSEQ"). The Group's quest for sustainability extends to the HSSEQ arena. E.A.Technique's HSSEQ goal is to achieve "Zero Incidents and Zero Injuries". In FY 2018, we extended our safety record in all the key parameters. We take pride that for the past five years; we have an unblemished record of zero accidents with fatality and lost workdays.

WHAT WE HAVE ACHIEVED IN FY 2018 WAS DUE TO THE DIVERSITY OF TALENTS, PROFESSIONALISM AND SHEER HARD WORK OF OUR PEOPLE

NEXT THRUST FORWARD

Having established the upward momentum for the next thrust forward, we remain committed to delivering long-term sustainable value to all our shareholders and we believe that the strategic priorities we have identified will be the key to achieve this goal. These are outline of our priorities:

- Continue to generate value for shareholder by focusing on our key areas of strenghts to ensure sustainability, delivering top and bottom line profitable growth
- Reinforce the foundations we have laid to improve the group's performance in the face of dynamic developments in the domestic O&G ecosystem and emerging macro-economic challenges
- Operationally, continue to make progress in managing costs, whilst enhancing productivity and efficiency
- Continue to invest in enhancing our talent pool to embrace technology so as to remain competitive
- In an ever evolving operating environment, we will remain alert to seize meaningful opportunities for top and bottom line growth

ACKNOWLEDGEMENTS

What we have achieved in FY 2018 was due to the diversity of talents, professionalism and sheer hard work of our people. While we can look back with satisfaction, sustained performance in the years ahead is part of our corporate DNA. With "Achieving More" as the group mantra moving forward, we need the support of everyone towards this common purpose and determination.

We have a very strong Board, whose members have been very forthcoming with their knowledge and advice. Datuk Anuar Ahmad, who served on our Board as an Independent and Non-Executive Director resigned effective 1 October 2018. The Board and I thank him for his contributions to the Group during his tenure of office and wish him the very best in his future undertakings.

Our network of support group, comprising business partners, associates, bankers, government authorities, contractors, suppliers, customers and of course our shareholders, all played an important role in the Group's recovery process. The spirit of cooperation we have established with all these parties contributed to our achievements in FY 2018. We will continue to work in partnership with our support team to achieve mutual goals.

As a relatively growing entity, E.A.Technique is still a work in progress. Thanks to initiatives undertaken in FY 2018, the Group is better equipped to meet the challenges of an evolving environment and sustain its growth trajectory. We can all look forward to an even brighter future not only in FY 2019, but the years ahead.

I thank all of you.

DATO' KAMARUZZAMAN ABU KASSIM
CHAIRMAN

29 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

DATO' IR. ABDUL HAK MD AMIN
Managing Director

A COMBINATION OF A STRONG INTEGRATED OPERATING PLATFORM AND AN EXPERIENCED MANAGEMENT TEAM AND WORKFORCE.

REVENUE
RM419M
AS ENDED 31 DEC 2018

PROFIT BEFORE TAX
RM90.4M
AS ENDED 31 DEC 2018

169%
INCREASE

We made good on our promise to deliver a strong operational and financial performance. This has consolidated our position as one of the most successful, fastest growing and exciting companies in Malaysia, providing an array of marine transportation services as well as port marine services. Our strong performance in a difficult operating environment is testimony to the continued strength of our business model and to the strategies that were put in place.

OPERATING ENVIRONMENT

The global economy is expected to expand by 3.7% in 2018, lower than an earlier projection of 3.9%. The downward revision reflects elevating policy uncertainties arising from escalating trade tension and outflows of capital from emerging economies. The outlook for the Malaysian economy remained resilient in the near term despite considerable external and domestic headwinds. Real Gross Domestic Product ("GDP") is projected to expand by 4.8% in 2018, supported mainly by domestic demand. *(Source: Economic Report 2018/19, page 4)*

According to PETRONAS in its Annual Activity Outlook 2019-2021, the year 2018 saw greater volatility in oil prices with the benchmark Brent crude rising to US$86.2 per barrel in early October from US$67 per barrel at the onset of the year. In early December, Brent crude declined by 30% to US$57 per barrel due to an oversupplied market. *(Source: PETRONAS Activity Outlook, 2019-2021, pages 7, 9)*

In the face of volatility in the oil markets, major oil companies initially maintained a cautious stance regarding new capital investments. However, activities began picking up in the third quarter in tandem with rising oil prices, which led to a corresponding increase in demand for the services of offshore vessels. In a highly competitive market for offshore contracts, E.A.Technique was able to hold its own with its unique value proposition - a combination of a strong integrated operating platform and an experienced management team and workforce.

FINANCIAL PERFORMANCE

REVENUE | For the financial year ended 31 December 2018, the Group posted a RM419.0 million, an increase of 14.18% from RM366.97 million recorded the preceding year. The increase was contributed in part by revenue generated by the Group's charter hire business, which saw an increase with new contracts secured with the acquisition of Nautica Gambir and Nautica Langsat and higher utilisation rates of our vessels. Beside that, there was also income generated form EPCIC contract resulting from the contract final settlement, marked by the sail away of FSO Mekar Bergading in June 2018.

PROFIT BEFORE TAXATION ("PBT")| Group PBT soared from a loss of RM131.9 million posted in FY 2017 to a healthy RM90.4 million, an increase of 169%. The increase was mainly due to a reversal of EPCIC cost provision of RM71.6 million net that was made in FY 2017, post sail away of Mekar Bergading in mid-2018. Our PBT would have been even higher were it not for the foreign exchange losses and impairment of assets of RM6.4 million and RM2.1 million respectively recorded in FY 2018.

NET PROFIT | The Group registered a net profit of RM74.2 million for FY 2018. The Group incurred an income tax expense of RM16.1 million during the year, consisting mostly of deferred tax. As our vessel fleets constitute 92% of the Group's assets, the capital allowances claimed on the vessels were deemed to be deferred tax, hence contributing to income tax expense.

FISCAL DISCIPLINE | We have embarked on various strategies to foster more rigorous fiscal discipline and better cost management. For example, we were able to cut administrative costs by 12% in FY 2018, thereby avoiding unnecessary costs. Our Cost of Sales ("COS") has also improved, resulting in higher Gross Processing Margins ("GPM"). Exercising fiscal discipline also involves making the right capital allocations.

ACTIVE COLLECTION OF DEBTS | This is evidenced by a healthier age profile of our trade receivables, which has improved from the previously recorded 60 days to 36 days for FY 2018. About 63 % of the Group's total trade debtors are still within the credit term limit.

SHAREHOLDERS' EQUITY | Shareholders' equity is a Company's total assets minus its total liabilities, representing the Company's net worth. The Group's shareholders' equity has flipped from the negative to positive territory during FY 2018, due to the healthy profit after tax recorded during the year.

TOTAL ASSETS | Our vessel fleet constitutes 92% of total assets. Another key contributor to the Group's total assets is the receivables, which decreased during the year as a result of improved collections.

DEBT-TO-EQUITY RATIO | Ratios are some of the key metrics used to determine a company's financial leverage. The Group's debt-to-equity ratio has improved to 2.66 for the year in review, compared to 3.97 recorded in the preceding year. The improved ratio was in tandem with the Group's return to profitability and repayment of some of its loan debts.

RM 74.2 MILLION
NETT PROFIT

FY 2018

GEARING RATIO | The gearing ratio of the group has improved to 1.71 from the previously recorded 2.58. The 35.3% improvement was attributed to a net loan repayment amounting to RM32.7 million, which has helped to enhance shareholders' and creditors' confidence in the Group. An improved gearing ratio will also send positive signals to the investing public and financial institutions about the overall financial standing of the Group.

EARNINGS PER SHARE (EPS) | With the Group's return to profitability, its EPS has improved to 14.73 cents, compared to (24.04) cents a year ago. EPS are calculated by dividing a Company's net income by its number of shares and are an important indication of a stock's prospects.

NET ASSETS PER SHARE | The net assets of the Group has increased by 49% with the addition of new vessels to its fleet in tandem with new contracts secured during the year.

SHARE PRICE PERFORMANCE

After three years of abysmal performance, the local equity market is regaining steam, helped largely by sound corporate earnings and a robust economic outlook. According to Bloomberg data, the FBM KLCI rose 9.81% in 2018, closing the year at a 52-week high of 1,796.81 points. *(Source : The Malaysian Reserve, 4 January 2019)*

Having faced negative pressure in FY 2017, the performance of the EATECH counter during the year in review has improved in line with the Group's return to profitability. The positive trajectory hit a high of RM0.605 on 1 October 2018 before closing the year at RM0.39 sen, which translated into a market capitalisation of RM196.6 million.

Throughout 2018, E.A.Technique continued to attract interest from the investment community. In the course of the year, we conducted 12 briefings and meetings with analysts and fund managers to keep them apprised of developments within the Group.

DIVIDENDS

The Board of Directors has decided that no dividends will be declared in respect of the financial year ended 31 December 2018. This is to conserve funds to invest in the Group's expanding business.

"The performance of the EATECH counter during the FY 2018 in review has improved in line with the Group's return to profitability."

CORPORATE DEVELOPMENTS

MATERIAL LITIGATION | E.A.Technique has filed a Notice of Arbitration dated 27 September 2018 with the Director of Asian International Arbitration Centre (AIAC) against Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE).

Further to the arbitration proceeding, E.A.Technique has on 8 October, received a Payment Claim pursuant to Section 5 of the Construction Industry Payment and Adjudication Act 2012 (CIPAA) from MMHE via its solicitor.

The arbitration proceeding and CIPAA Payment Claim are not expected to have any potential business or operational impact on E.A.Technique. As we go to print, E.A.Technique is seeking advice from its solicitor to contest the matter.

REVIEW OF OPERATIONS

E.A. Technique was incorporated on 18 January 1993 and was listed on the Main Market of Bursa Malaysia on 11 December 2014. The Group has two (2) wholly-owned subsidiaries, namely Johor Shipyard and Engineering Sdn Bhd ("JSE") and Libra Perfex Precision Sdn Bhd ("Libra"). Operating from its 20-acre shipyard in Hutan Melintang, Perak, JSE plays an important role in supporting the Group's operations through the provision of shipbuilding, ship repairs and minor fabrication works. Our other subsidiary, Libra, has been awarded the contract to provide tugboats for the operations of PETRONAS LNG1 (L) Ltd. In 20 June 2018, the Group fulfilled its contractual obligations in the North Malay Basin with the delivery of Mekar Bergading.

MARINE TRANSPORTATION SERVICES | E.A.Technique operates a total of 45 marine vessels, of which it owns 42 vessels comprising 6 tankers, 2 Floating Storage and Off-Loading ("FSU/FSOs") units, 5 Offshore Support Vessels ("OSVs") and 29 harbour tug boats. The remaining 3 vessels are chartered from external parties. The average age of the Group's tanker fleet is 11 years.

All our vessels undergo regular and periodic maintenance, including dry-docking every 2.5 years.

During the year, the Group's fleet of vessels has been expanded with the delivery of two super Fast Crew Boats ("FCB"), M.V. Nautica Gambir and M.V. Nautica Langsat. Each of these vessels is capable of carrying 70 crew members at a minimum speed of 25 knots. The

naming and delivery ceremony of the two FCBs was held on 9 July 2018 at the Dundee Marine Shipyard in Singapore.These two vessels have been deployed to service the Petroleum Arrangement Contracts ("PACs") Production Operations under the Integrated Logistic Control Tower ("ILCT") Programme. We have also acquired one (1) tugboat (ESV) with a sophisticated fifi system, which will be used for PFLNG2 project.

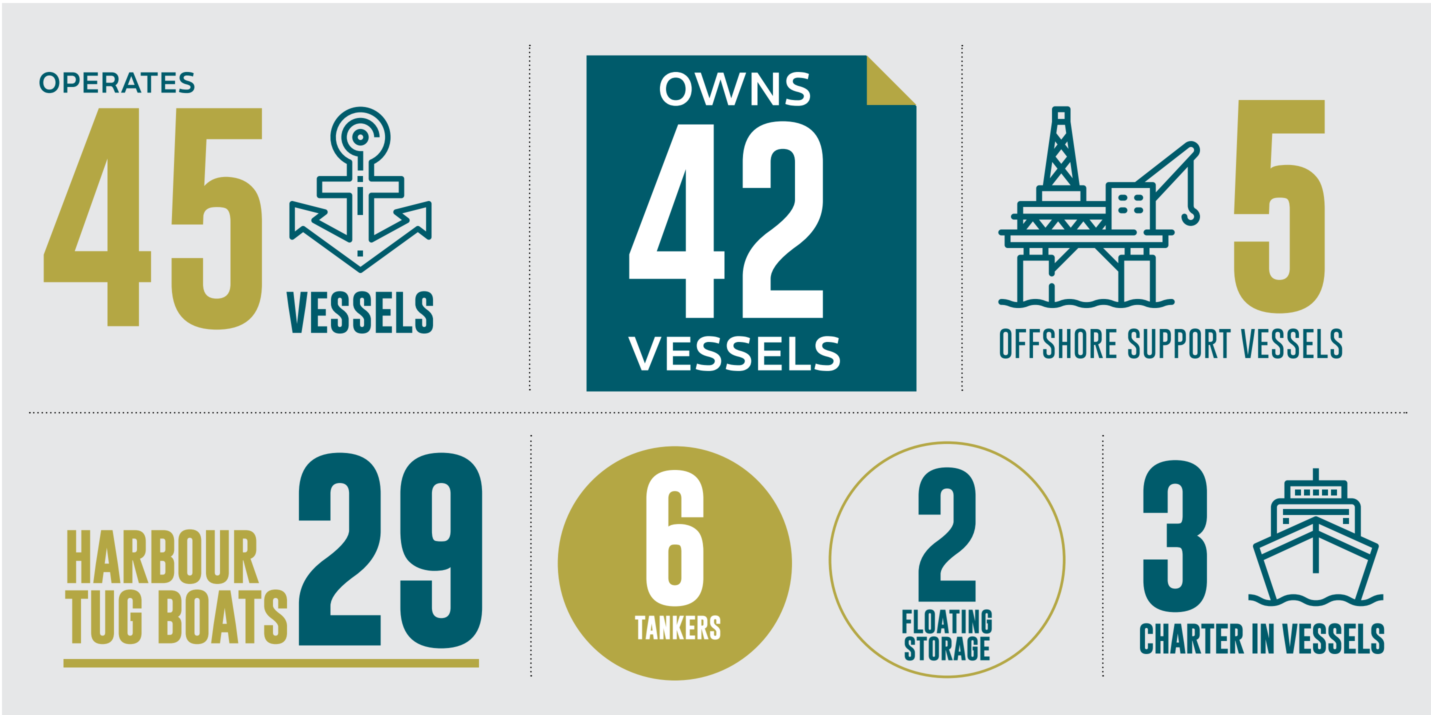
Our product tankers transport refined petroleum products from oil refineries to end-users or to another refinery for further processing. FSU/FSOs are typically used to support production platforms as an offshore O&G storage facility at marginal fields. We also operate OSVs, which are fast crew boats. These are primarily deployed to transport personnel and light cargo between the shore and offshore platform or from platform-to-platform and other offshore facilities.

In a strategy to diversify its earnings base and reduce an over-dependence on the O&G sector, the Group also provides a range of port marine services. These include towage services, which comprises towing, pushing and manoeuvring vessels; mooring services that involve securing a vessel to fixtures such as piers, quays, wharfs, jetties, anchor and mooring buoys; and dockside mooring services that involve securing vessels, floating structures and fixtures at the wharf.

FY 2018 ended with the Group being awarded contracts by PETRONAS and Sungai Udang Port Sdn Bhd for the Provision and Operation of Marine Vessels. The Group will be deploying its own vessels, namely Nautica Tanjung Puteri I, Nautica Tanjung Puteri XXII, Nautica Tanjung Puteri XVII, Nautic Tanjung Puteri II and Nautica Tanjung Puteri XVIII, and two units of charter-in-vessels to fulfil its contractual obligations.

As our core business, the tanker segment is expected to contribute 36% to the Group's revenue for the next five years. Our port operations have generated a steady recurring income for the past several years. The crew boats segment shows promising growth as more oil companies are turning to fast crew boats as a cheaper alternative to helicopter services.

E.A. TECHNIQUE FLEET INFO



OUTSTANDING SHIP BUILDER 2017

BY MINISTRY OF TRANSPORT

SHIP REPAIR & MINOR FABRICATION

E.A.Technique's ship repair and minor fabrication capabilities are vested in our 100%-owned subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"). In 2013, JSE moved to its present shipyard at Hutan Melintang in Perak. The new shipyard has the capability to construct one vessel of up to 10,000 dead weight tonnes ("DWT") or six harbor tugboats at any one time.

The Group further develop the shipyard, which will include the construction of a new slipway and a ship repair workshop. Since our last report, the design of the slipway has been revised to accommodate vessels of between 2,000 and 4,000 DWT.

Having its own shipyard is a distinct advantage to the Group. In FY 2018, the Group was able to reap savings of 15-20% from materials tax exemption and another 10-15% from labour and coordination. With a more positive economic and O&G outlook, there are signs that the oil majors are increasing their capital investments. We are hopeful that some of the new contracts up for bidding will come our way.

SWOT ANALYSIS OF E.A. TECHNIQUE

Identifying the Strengths, Weaknesses, Opportunities and Threats ("SWOT") has become an integral part of E.A.Technique's annual strategic planning and decision making process. A SWOT Analysis provides an effective all-round view of the Company's current and forward-looking situation in a thorough manner to facilitate strategic decision making. By identifying the internal factors (strengths and weaknesses) and external factors (opportunities and threats), we are able to draw up strategies and market positions to build on our strengths, take advantage of emerging opportunities, while minimising weaknesses and devise plans to mitigate threats.

STRENGTHS

- E.A. Technique is among the top four operators of product tankers in Malaysia. We are also one of two major players engaged directly by port operators to provide towing services.
- With more than 20 years of experience in the business, we offer a range of solutions tailored to the specific requirements of our clients.
- Our customer base comprises the national oil corporations of two countries, oil and gas ("O&G") trading companies, O&G exploration and production ("E&P") companies, marine vessel operators and ports throughout the country.
- About 71% of E.A.Technique's fleet of 42 vessels are on long-term charters, with tenures stretching until the year 2027. This has resulted in high fleet utilisation of above 80%, ensuring the Company of a recurring revenue stream.
- Our vessels have earned certification to internationally recognised quality management systems such as ISO 9001, 1800 and 14001 (Class Body BSI). This is in addition to certification to the International Safety Management ("ISM") Code, the International Ship Security Certificate ("ISSC") and Marine Facility Security Officer ("MFSO").
- Our shipbuilding capabilities and facilities enable us to effectively maintain our vessels to a high standard of operation, undertake prompt repairs with fast turnaround to minimise downtime.
- As a public listed company, E.A.Technique can tap the capital market for funds to finance its expansion programmes.

WEAKNESSES

- We are aware of our high reliance on the O&G sector and the PETRONAS Group in particular. A concerted effort is underway to pursue new business opportunities in providing port marine services.
- Like much of Corporate Malaysia, we experience a shortage of talents who have the right knowledge and experience. Our industry can benefit from a good mix of junior and experienced talents to ensure sustained capability and capacity.
- The Group has been in a high but manageable gearing level. In 2018, our gearing ratio has improved to 1.71 from 2.58 the preceding year.

OPPORTUNITIES

- The prospects and outlook of the marine transportation and support services business are expected to be favourable in line with improving global and domestic economic condition.
- Strengthening crude oil prices has resulted in a more positive outlook for the O&G sector, driving oil exploration, development and production activities, and this is expected to create demand for marine transportation and support services.
- Given its track record, the Group is in a good position to pursue new projects involving the provision of FSU solutions for Malaysia's marginal fields.
- The development of an O&G hub in Southern Johor is opening up opportunities for marine support services. The O&G hub includes the USD27 billion Pengerang Integrated Complex ("PIC"), which is PETRONAS' largest downstream investment to date, and one of the largest O&G developments in the region.

THREATS

- Our business is subject to inherent risks, including fire, explosions, equipment defects, pollution and oil spills. Although we are heavily regulated by laws and policies, we need to be constantly vigilant. Even though we have a good record, we are continually beefing up our Operational and Health, Safety, Security, Environment and Quality ("HSSEQ") team to ensure compliance with the relevant laws, regulations and policies.
- Our tankers transport high-value petroleum products and are exposed to acts of piracy. Counter-piracy measures include the installation of a press alert button and a global positioning system ("GPS"). We are also backed by adequate insurance coverage.
- We face keen competition from other local companies providing similar services. Our main competitive strengths include our availability of suitable vessels, capabilities and experience, established track record and financial strength.
- Players are also exposed to an array of downside risks, which include project scarcity, weak charter rates, termination of contracts, financial stress, new technologies and continuing geo-political tensions.

SAILING INTO CALMER WATERS

Having emerged from the turbulence of FY 2017, we are confident that the Group can now sail more smoothly into calmer waters. We have no illusions that there is still a great deal more to do, but the foundations have been laid to ensure growth can be sustained in the coming year and beyond.

OPERATING ENVIRONMENT

The World Bank has projected that global economic growth would slow to 2.9% in 2019, citing rising downside risks to the outlook. *(Source : Financial Times, 9 January 2019)*. Malaysia's growth outlook for 2019 remains resilient with sound macroeconomic fundamentals, stable financial conditions as well as a broad-based and diversified economic structure. Domestic demand will continue to drive the economy, although as a highly open economy, Malaysia faces several risks relating to uncertainties in the external environment. Nevertheless, GDP growth is expected to increase further to 4.9% in 2019. *(Source : Economic Report, 2018-19, page 4)*

PETRONAS continues to maintain a conservative view on the O&G industry outlook and expects volatility in oil prices to persist in 2019, which will have a bearing on new capital projects. In a cost optimization environment, there will be growth in brownfield activities and its supporting services as oil companies will still need to fulfil their exploration and production commitments.

Looking ahead, the Group has the capabilities and scale to offer potential investors an attractive value proposition:

OUR VALUE PROPOSITIONS

LEADING PLAYER IN TANKER MARKET

E.A.Technique is among the top three (3) leading players in the product tanker market, with an estimated market share of 35%. With more than 20 years of working relationship with PETRONAS, we are in a good position to secure more tanker projects from the national oil corporation.

A BRAND THAT RESONATES

We embrace a work culture that focuses on Safety, Quality and Security and this has set us apart from the competition. Our uncompromising stance in these three areas is what keeps our customers coming back.

RESILIENT DEMAND

While the volatility in the price of crude oil has hit many O&G players, E.A.Technique has largely been shielded. This is because the nature of its core business mainly involves the transportation and storage of O&G products. Although the industry at large may suffer from low prices and an over-supply of rigs and anchor handling tugs, the demand for oil tankers that transport refined petroleum products is relatively resilient.

START-UP OF PENGERANG INTEGRATED COMPLEX ("PIC")

The PIC is one of the largest O&G developments in this region, as well as PETRONAS' largest downstream investment to date. When commissioned in 2019, the PIC will meet the nation's domestic demand for petroleum products. With its track record, E.A.Technique is well-positioned to provide tankers to transport the petroleum products.

VESSELS BACKED BY LONG-TERM TENURES

About 71% of E.A.Techniques's fleet of 42 vessels are on long-term charters. This ensures a high fleet utilisation of 80%.

EXPANSION PLANS

While exercising financial discipline, we will continue to invest in our fleet to strengthen our portfolio further and to sustain growth ahead. We have taken delivery of two (2) fast crew boats, Nautica Gambir and Nautica Langsat. This is in addition to one (1) unit of tugboat equipped with the latest Fifi System.

EARNINGS VISIBILITY

Long-term contracts secured by the Group are an assurance of earnings visibility, which provides a robust and steady recurring income. E.A.Technique's outstanding order book in hand stands at RM789.14million, including contract extensions.

GEARING LEVEL

The Group has made a concerted effort to reduce its debt level. In FY 2018, the gearing ratio of the group has improved to 1.76 from the previously recorded 2.72. As one of the most important measurements of a Company's financial fitness and stability, a lower gearing ratio puts the Group in a favourable position to tap capital market for funds.

EMERGING TECHNOLOGIES

We are ever mindful that the Malaysian oil and gas ecosystem is being reshaped. To quote the PETRONAS President and Group Chief Executive Officer, Tan Sri Wan Zulkiflee Wan Ariffin, companies that operate here must be more efficient, with the size and economies of scale that will also make them more resilient and competitive globally. *(Source : PETRONAS Activity Outlook, 2018-2020, page 14).*

Technology is rapidly transforming the Malaysian O&G business landscape and we must brace ourselves for game changers like the much touted Industry 4.0 Revolution, which will subject players to more intense global market competition. The right mixes of talent and technology is required against a more sophisticated competition across multiple categories in terms of cost and quality. In its Activity Outlook, 2019-2021, PETRONAS emphasises the need to move away from conventional business processes. We need to embrace and harness technology in order to deliver more innovative solutions for our clients. This requires a change in both culture and mindset to embrace changes that are being forced upon industry players.

A more immediate and pressing issue is meeting the digitalization and technology requirements of MARPOL, which is the International Convention for the Prevention of Pollution from Ships. In this regard, we need invest in new vessels to replace an ageing fleet of almost 15 years. New eco-friendly vessels will have the appropriate technology to meet requirements not only of MARPOL/IMO but also those of a more exacting clientele.

The future is challenging, but I have full confidence we are up to the task. In all that we do, we will never lose sight of our primary objective – to ensure sustainable shareholder value over the long-term. We expect FY 2019 to be another positive year for E.A.Technique.

ACKNOWLEDGEMENTS

In any company, its people are the ultimate source of competitive advantage. It has been my privilege to work with a great team of people. In a very challenging year, it has been inspirational to see everyone pulling together, committed to do everything necessary to bring the company back on track. The determination and caliber demonstrated by our people remain my greatest source of confidence in the future of E.A.Technique. I want to thank all our employees for their hard work.

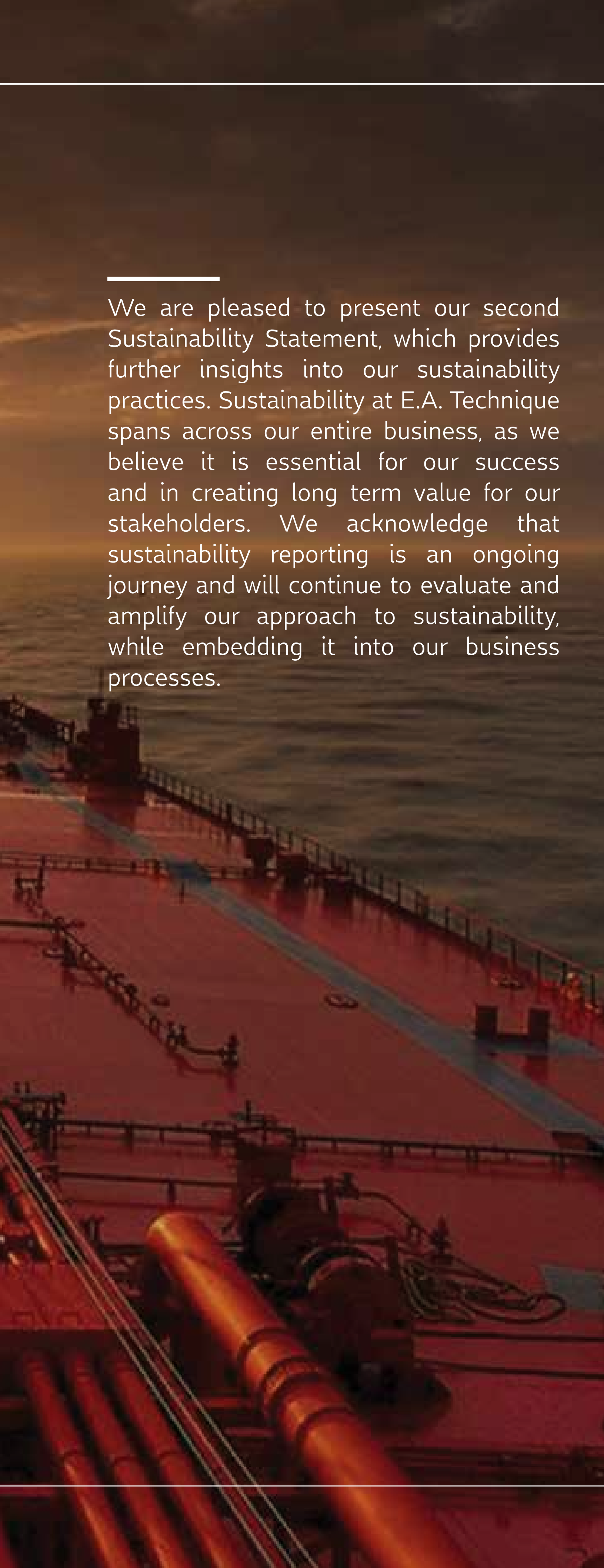
Our game-plan is to build on the gains made in FY 2018 to meet the expectations of you, our shareholders.

Thank you.

DATO' IR. ABDUL HAK MD AMIN
29 March 2019

THE FUTURE IS CHALLENGING, BUT I HAVE FULL CONFIDENCE WE ARE UP TO THE TASK. IN ALL THAT WE DO, WE WILL NEVER LOSE SIGHT OF OUR PRIMARY OBJECTIVE – TO ENSURE SUSTAINABLE SHAREHOLDER VALUE OVER THE LONG-TERM

SUSTAINABILITY REPORT



We are pleased to present our second Sustainability Statement, which provides further insights into our sustainability practices. Sustainability at E.A. Technique spans across our entire business, as we believe it is essential for our success and in creating long term value for our stakeholders. We acknowledge that sustainability reporting is an ongoing journey and will continue to evaluate and amplify our approach to sustainability, while embedding it into our business processes.

FEATURES

ECONOMIC

ENVIRONMENT

SOCIAL

KEY SUSTAINABILITY HIGHLIGHTS

ZERO NUMBER OF FATALITY INCIDENTS

2,154,422 SAFE MAN HOUR WITHOUT FATALITY

AVERAGE TRAINING 6 HOURS PER EMPLOYEE

TOTAL CARBON EMISSION (GCO_2/TONNE-MILE)

24,038.64

NUMBER OF OIL SPILL CASE

ZERO OIL SPILLS ACROSS ALL OPERATIONS

E.A. TECHNIQUE AT A GLANCE

For the purposes of this Statement, our business operations have been divided into Marine and Non-Marine Operations as summarised in the Diagram below. Details of the respective business operations are available on page 4 & 5 of the Annual Report.

E.A. TECHNIQUE BUSINESS OPERATIONS

MARINE OPERATIONS

Marine Transportation and Offshore Storage of Oil and Gas Charter Hire of:

- Product tankers
- Floating Storage Unit ("FSU")/Floating Storage Operation ("FSO")
- Offshore Supply Vessels

Port Marine services

- Towage Services
- Mooring Service
- Dockside Mooring Service

NON-MARINE OPERATIONS

Marine Engineering Services

- Engineering Procurement, Construction, Installation and Commissioning ("EPCIC")
- Shipbuilding and ship repair

ABOUT THIS STATEMENT

E.A. TECHNIQUE'S SUSTAINABILITY REPORTING SHOWCASES OUR EFFORTS TOWARDS INSTILLING SUSTAINABILITY INTO OUR DAY-TO-DAY OPERATIONS. OUR PERFORMANCE IS REPORTED THROUGH THE 3 SUSTAINABILITY PILLARS, NAMELY ECONOMIC, ENVIRONMENT AND SOCIAL ("EES").

REPORTING FRAMEWORK

Our Sustainability Statement is prepared in compliance with paragraph 29 in Part A of Chapter 9 - Appendix 9C Main Market Listing Requirements. We are guided by the Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines (2nd Edition) and the FTSE4Good Bursa Malaysia Index indicators in enhancing the depth of our sustainability management and disclosures.

REPORTING SCOPE AND BOUNDARY

Our reporting period covers 1 January 2018 to 31 December 2018, which coincides with our financial year. The reporting scope covers all business operations in Malaysia including all our subsidiaries, unless otherwise specified. Our Organisational Structure can be found on 14 & 15 in the Annual Report. Where possible, we have included both comparative and quantitative data to support the disclosure of each material sustainability matter.

Some environmental and social data has been restated to reflect updates to the calculation methodology and for consistensy in year on year comparison.

ASSURANCE STATEMENT

We have not undertaken third-party assurance for the data presented in this year's statement and intend to do so as we mature in our reporting.

Feedback Statement

We value your feedback on this report. Should you have any queries or feedback on this report, kindly contact:

Norwahida Jaafar (Head of Corporate Finance & Services)

Email : norwahida@eatechnique.com.my/
ir@eatechnique.com.my

This Statement has been reviewed and approved by the Board.

SUSTAINABILITY GOVERNANCE

We are guided by our Vision and Mission to deliver sustainable growth. We recognise that sustainability governance is fundamental in the way we manage our sustainability risks and opportunities and create long-term value for our stakeholders.

Our sustainability matters are managed and communicated at all levels of the Group. This is made possible by a cross-functional approach through the Board of Directors and Senior Management, together with Core Business functions. Together, it sets the tone in addressing sustainability matters. Roles and responsibilities for our sustainability governing bodies are as follows:

E.A. TECHNIQUE'S SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

- Ultimately responsible for managing sustainability of the Group
- Approves the Group's sustainability strategy

Managing Director

- Reports progress of sustainability performance to the Board

Chief Operating Officer
Chief Financial Officer

- Oversees implementation of sustainability strategy as approved by the Board

Core Business Functions

- Manages sustainability matters throughout the business operations
- Reports on sustainability performance to Senior Management

STAKEHOLDER ENGAGEMENT

We define our stakeholders as groups that our business has a significant impact on, and those with a vested interest in our operations. Our key stakeholders include the Board of Directors, investors, media, employees, customers, suppliers, and regulators. Understanding our stakeholders' interests and concerns is necessary in guiding the management and reporting of our material economic, environmental and social (EES) disclosures.

We consistently engage with our key stakeholder groups through various formal and informal platforms to enhance accountability and build trust. The Group's response to our stakeholders' concerns are addressed through the material matters that has been identified on page 61.

Stakeholder Group	Method Of Engagement	Frequency Of Engagement	Areas Of Interest	Link To Material Matters
Board of Directors	• Board of Directors' meeting	• Quarterly	• Financials and performance • Operations • Strategic planning • Corporate Governance	• Economic Performance • Good Governance • Capability Building • Environmental Management
Investor/Media	• Investor briefing • Website • Quarterly and Annual Report • Annual General Meeting	• Quarterly • As and when necessary • Quarterly and annually • Annually	• Financials and performance • Dividend • Dividend	• Good Governance • Economic Performance
Employee	• Human Resource briefings	• Twice a month	• Occupational Health and Safety ("OHS") matters • Company's policies & procedures	• Capability Building • Good Governance • OHS
Customer	• Direct meeting • Customer satisfaction surveys	• Weekly and monthly • Annually or upon service delivery	• Vessels' performance • OHS matters • Vessels' Vetting, Audit and Survey • Commercial matters	• Good Governance • Economic Performance • OHS
Suppliers	• Direct meetings and discussion	• Frequently	• Product information • Vendors' performance	• Economic Performance
Regulators	• Direct meetings • Onsite inspection • Written communication	• As and when necessary	• Corporate Governance • Compliance and Regulations	• Good Governance • Environmental Management • OHS
Community	• CSR events • Internship programme	• As and when necessary	• Community initiatives • Career opportunity	• Contribution and volunteering

MATERIAL SUSTAINABILITY MATTERS

Material sustainability matters are those that are able to substantively influence the assessment and decisions of our stakeholders and reflect the significant EES impacts of our operations. The identification of material sustainability matters enables us to focus our efforts and allocate resources to address the high priority matters of the Group.

Materiality Assessment

In FY 2017, a comprehensive process was undertaken to identify and prioritise sustainability matters that are material to the Group. The materiality assessment workshop was conducted involving managers and heads of departments from various business functions.

1

IDENTIFICATION

List of sustainability matters relevant to our business is identified through stakeholder engagement, peer benchmarking, media review and analysis of market trends.

2

PRIORITISATION

Sustainability matters were prioritised through a materiality assessment workshop by taking into consideration internal and external stakeholders views. The output of the workshop was the materiality matrix.

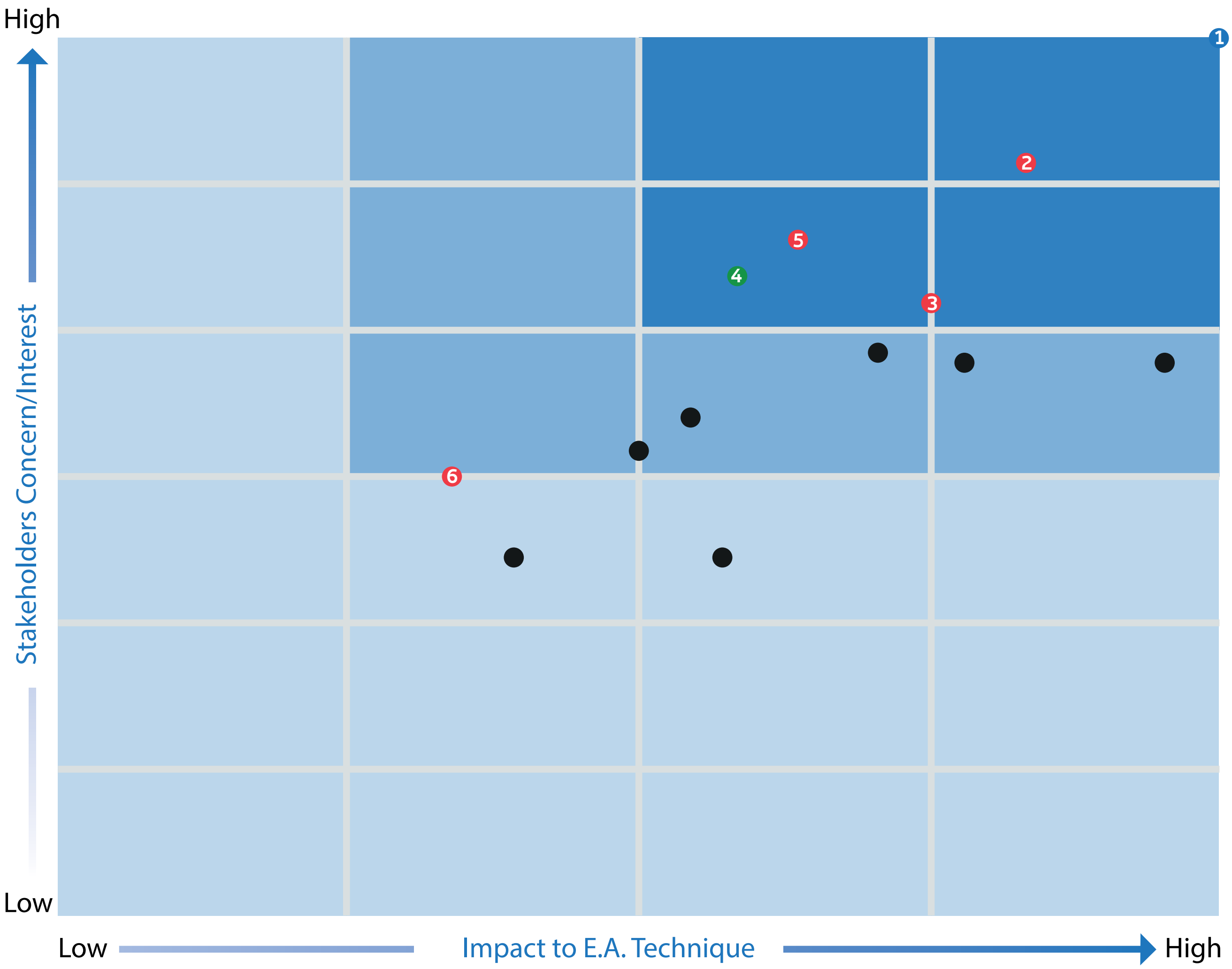
3

VALIDATION

The materiality matrix was reviewed and validated through a series of interviews and discussions with senior management, and was thereafter approved by the Board of Directors.

Our stakeholder engagement sessions throughout the year have provided us with valuable insights for the annual review of our materiality matrix. In addition, we have also conducted a materiality review with Senior Management to assess if there have been any significant change to the business during the year, which may impact the existing materiality matrix. Our nature of business has remained unchanged and Senior Management considers the materiality matrix relevant. This year, we have expanded the scope of the Capability Building matter to include training and development of our employees to better reflect the Group's focus.

E.A TECHNIQUE'S MATERIALITY MATRIX



E.A. Technique's Material Matters

1. Economic Performance
2. Occupational Safety and Health
3. Capability Building
4. Environmental Management
5. Good Governance
6. Contribution and Voluntering

Legend:

- Economic
- Environment
- Social

The identified six high priority sustainability matters continues to be the focus of this statement. Moving forward, we strive to enhance coverage of our sustainability reporting disclosures to include additional sustainability matters, progressively.

PILLARS	MATERIAL MATTERS	IMPORTANCE TO US
ECONOMIC	**ECONOMIC PERFORMANCE** Economic value generated from our operations and distributed to our stakeholders.	Our economic performance is pivotal in ensuring long term value creation for our stakeholders.
ENVIRONMENT	**ENVIRONMENTAL MANAGEMENT** Full compliance to relevant environmental laws and regulations which include the prevention of spills and management of emissions, waste and effluents and water consumption.	Increasing awareness on environmental management and compliance in our day-to-day operations, to minimise our environmental footprint and contribute towards climate change mitigation.
SOCIAL	**OCCUPATIONAL SAFETY & HEALTH (OSH)** Ensuring the wellbeing and safe working environment for our employees, customers and contractors.	Keeping our people safe is our primary responsibility, particularly in promoting an injury-free work environment.
	GOOD GOVERNANCE Operate our business in an ethical manner while upholding the highest standards of integrity and ensuring customer satisfaction.	Managing the risk and opportunities of the business to build trust and drive performance.
	CAPABILITY BUILDING Competency development and education to upskill our employees.	Enhancing employees' ability to perform their duties by equipping them with the relevant skills and technical capabilities.
	CONTRIBUTION AND VOLUNTEERING Organisational efforts to give back to the community in which we operate.	Demonstrates the Group's responsibility and commitment towards community development and the wider societal issues.

ECONOMIC

ECONOMIC PERFORMANCE

E.A. Technique was incorporated on 18 January 1993 and was listed on the Main Market of Bursa Malaysia on 11 December 2014. Our financial results are driven by our charter hire and EPCIC operating segments as detailed out in Note 26 Segment information of the audited financial statements.

Our charter hire operations have generated a total revenue of RM 278.3 million in FY 2018, registering an increase of 24% from FY 2017 while . Segmental profit for the charter hire operations however has reduced from RM 54.4 million in FY 2017 to RM 41.8 million in FY 2018. For our EPCIC operations, FY 2018 had seen this business segment record a segmental profit of RM 70.8 million due to the completion and sail-off of the Floating, Storage and Offloading ("FSO") vessel, Mekar Bergading, in June 2018.

In pursuit of sustainable profits through revenue generation, E.A. Technique has contributed to its stakeholders through various activities, including servicing taxes and giving employment opportunities. The value that the E.A. Technique creates are in the form of financial returns or non-financial (intangible) forms. The following table illustrates the Group's value distribution to different stakeholders.

Economic Value Distributed

Stakeholders	FY 2018	FY 2017
	RM'000	RM'000
Government	(80)	(3,500)
Providers of Capital	22,279	21,201
Employee	46,717	52,691
Community	15	5.4

For further insights into our financials and analysis of our key operating risks and mitigation controls, please refer to the following sections of the Annual Report:

5 Year Financial Highlights

Management Discussion and Analysis

Financial Statement

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

We are cognisant of our responsibility to manage and reduce the environmental impact of our operations. Our Marine Operations are governed by the International Convention for the prevention of Pollution from Ships 1973/1978 ("MARPOL") as stipulated by International Maritime Organisation ("IMO"). MARPOL covers the prevention of pollution and spillage of harmful substances from vessels operations. The environmental management of our Non-Marine Operations are regulated by the Department of Environment ("DOE").

In FY 2018, we transitioned to the ISO 14001:2015 Environmental Management System ("EMS") certification which ensures that there is a process in place to manage, measure and improve our environmental practices.

We are guided by our Quality, Health, Safety and Environment Protection ("QHSE") policy and Environmental Management Manual ("EMM") to carry out our operations in a responsible manner. Our environmental efforts are focused on emission reduction and the management of waste and effluents as well as water consumption.

Emissions

Combatting climate change relies on reducing greenhouse gas emissions. Carbon emissions from our Marine Operations arises from the fuel utilised for the generation of energy to operate our fleet of tankers. We strive to minimise our emissions through improved energy efficiency of our vessels through the effective implementation of The Ship Energy Efficiency Management Plan ("SEEMP") Manual, which is in line with IMO legislation. Our efforts in reducing carbon emissions contributes to the tackling of the risk posed by climate change.

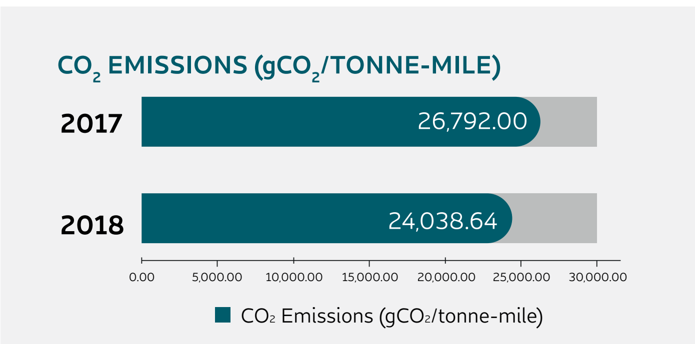
In FY 2018, the following initiatives were carried out to improve fuel efficiency and optimise energy efficiency of our vessels.

INITIATIVES	BENEFITS
Propeller Boss Cap Fins	• Reduces fuel consumption • Minimal maintenance • Increase vessel speed
Hull Cleaning	• Reduces vessel resistance • Increases fuel efficiency
Low Friction anti-fouling paint	• Inhibits marine organism growth on the vessel • Increases fuel efficiency

Our efforts to reduce our emissions through the initiatives highlighted above have paid off as we recorded 24,038.64 tonnes of CO_2 emissions, a decrease of 10.3% from the previous year.

The data represents emissions from 6 tankers for which we have management control.

In future, we strive to monitor emissions from all our vessels.



Note: The CO_2 emission figures for FY 2017 has been restated due to improved data calculation methodology

Waste Management

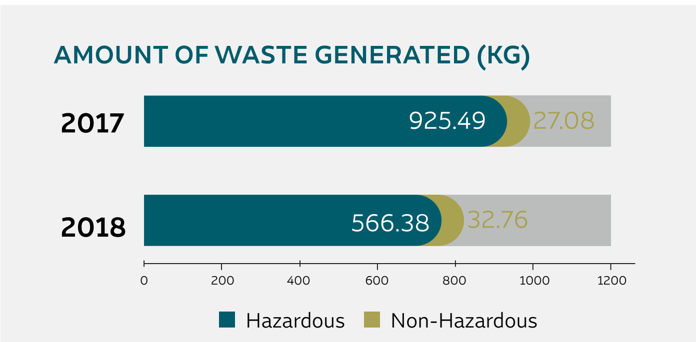
At E.A Technique, the disparity in the nature of our office and onboard operations necessitates waste to be managed differently. The following manuals and policies guide the segregation and disposal of waste in a safe and ecologically-friendly manner for our Marine and Non-Marine Operations:

RELEVANT POLICIES & MANUALS	DESCRIPTION	COVERAGE
Environmental Management Manual ("EMM")	Guides management of waste oil, bilge, sewage and garbage.	• Marine Operations
Chemical and Waste Management Manual	Outlines method to control purchase, store and handle chemical waste.	• Non-Marine Operations
Garbage Management Plan ("GMP")	Applicable for vessels above 100 gross tonnage. It outlines the procedures for handling waste onboard in accordance with MARPOL regulations.	• Marine Operations

Marine Operations

Waste management on our vessels are governed by MARPOL. We provide on-the-job trainings for our onboard crew to raise awareness on the proper segregation and disposal of garbage generated onboard. The table below outlines the segregation and disposal of waste for our Marine Operations :

WASTE CATEGORY	NON-HAZARDOUS		HAZARDOUS
Types Of Waste	• Food waste	• Paper • Plastic waste	• Residue oil • Lubricant oil • Sludge generated during equipment servicing
Point Of Disposal	Disposed at sea	Onshore disposal facilities	Licensed facilities



The amount of waste generated from our shipping operations in FY 2018 decreased by 37% compared to FY 2017. This data covers hazardous and non-hazardous waste generated by the 6 tankers and 1 Floating Storage Unit ("FSU").

Moving forward, we strive to track waste generated from all our vessels. The Company target zero plastic usage including bottles by mid 2019.

Non-Marine Operations

Non-hazardous waste generated from our Non-Marine Operations are mainly metal scraps while hazardous waste includes spent lubricant oil and spent hydraulic. These wastes are disposed through approved licensed facilities as required by local regulations. The amount of waste generated from our Non-Marine Operations were negligible due to low operational activities.

Effluent Management

Discharge of wastewater can have damaging effects on the marine ecosystem and poses significant health risks to our employees. To this end, the Bilge Management Plan and Sewage Management Plan outlines the procedures for our wastewater disposal. These plans are in compliance with Annex I (Bilge) and Annex IV (Sewage) of MARPOL. All relevant employees are also trained in handling the bilge and sewage system.

Spill Prevention

Oil spills constitute a risk which can have long term impacts on marine biodiversity and the coastal ecosystem. Our operations are conscientiously being managed to avoid the occurrence of spills and pollution at sea through adherence to the policies and manuals below :

RELEVANT POLICIES & MANUALS	DESCRIPTION	COVERAGE
Shipboard Oil Pollution Emergency Plan	Guides the preventive measures to control spills and respond to spill incidents to minimise impact to the environment	Marine Operations
Chemical and Waste Management Manual	Outlines procedures to control any liquid spillage and leakage in a safe and controlled manner	Non-Marine Operations

We conduct regular drills to test our response capabilities that will be required in an emergency. In FY 2018 we conducted 12 oil spill drills as part of our emergency drill plan. The Group recorded zero incidences of spills from both our Marine and Non-Marine Operations throughout FY 2018.

Water Management

Water is a necessity for both our Marine and Non-Marine Operations. In our Marine Operations, we use water for drinking, washing and running machineries while in Non-Marine Operations, water is used predominantly for running equipment in shipbuilding and ship repairs activities.

In efforts to conserve water consumption, we conducted awareness campaigns for fresh water consumption onboard and carried out regular maintenance of equipment onboard our vessels. Water used for potable purposes are sampled and tested in line with Maritime Labour Convention requirements to ensure safe consumption.

SOCIAL

OCCUPATIONAL HEALTH & SAFETY (OHS)

The health and safety of our employees, contractors and customers remains our top priority, as highlighted in our Mission statement. Our commitment towards health and safety is reflected in the QHSE Policy, as we strive to prevent human injury, diseases and loss of life. We promote a "safety first" culture and provide a healthy and safe working environment through the adoption of the following policies:

RELEVANT POLICIES & MANUALS*	DESCRIPTION
Safety Management Manual	Governs matters such as health and safety responsibilities, emergency preparedness, reporting of non-conformities, incidents and hazardous occurrences and maintenance of ship and equipment
QHSE Policy	Provide for safe practice onshore and ship operations
Drug and Alcohol Policy	To promote a drug and alcohol-free operation
Security Policy	To provide a secure working environment and preventing danger to employees
Stop Work Policy	Empowers every employee with the duty and right to invoke a stop work order when a work environment risk arises
Safe Navigation Policy	To ensure that the ship is navigated safely to prevent collisions at sea
Rest Hour Policy	To ensure frequency and length of leave period to prevent fatigue
Squad, under Keel Clearance and Ship Interaction Policy	Outlines measures to ensure vessels are keep afloat at all times when navigating in shallow water

The QHSE Policy details the following commitments:

QHSE Policy Commitments

- Achieving zero defect, accident and downtime
- Achieving zero injury and fatality
- Preventing any oil spills and pollution of the seas
- Creating a safe and healthy environment
- Continuously implementing and improving management system
- Meeting client requirements and enhance client satisfaction

We systematically monitor and manage health and safety risk and opportunities and continually improve OHS performance through compliance with the high levels of health and safety standards. We have also obtained the following local and international certifications to emphasise our commitment towards creating a safe working environment.

CERTIFICATION	DESCRIPTION
Document of Compliance	Issued by Marine Department of Malaysia on complying to the Inter national Safety Management ("ISM") Code for safety management system
OHSAS 18001:2007*	Issued by British Standard as a framework for occupational health and safety management system
International Safety Management ("ISM")	Code to ensure safety at sea, prevention of human injury or loss of life and avoidance of damage to the environment and property
International ship and Port Facility Security ("ISPS")	Code to ensure security of ships and port facilities

*Applies to both Marine and Non-Marine

OHS COMMITTEE

Our Corporate Health, Safety, Security, Environment and Quality ("HSSEQ") Department oversees and manages all OHS matters relating to the Group. They meet every quarter to review OHS performance and plan initiatives to continually improve performance.

The Corporate HSSEQ team is supported by the Health and Safety Committee on every vessel. This Committee comprises of management and marine personnel representatives who meet every month to review safety concerns and performances.

MATTERS REVIEWED BY OHS COMMITTEE

1. Discuss Results Of Internal And External Audits
2. Personal Accident Reports
3. Review of Incidents Or Near - Miss Incidents
4. Health And Hygiene Issues
5. Status Of Safety Performances And Results
6. Analysis Of Inspections And Drills

OHS RISK MANAGEMENT

An integral part to OHS management is the conduct of regular risk assessments to allow the identification of hazards and risks that could cause potential harm. These hazards and risks are then analysed and mitigated through the implementation of appropriate control measures.

Risk assessment is viewed as the integration of people, processes, and tools that together ensure the early and continuous identification and resolution of risks. In practice, risks at the workplace are assessed before commencement of activities. Action plans and risk assessments are reviewed periodically and when there has been significant changes to shipboard operations to ensure existing control methods remain effective.

OHS PROGRAMME

We implemented a structured health and safety plan to create awareness among employees and strengthen operational controls. The following are the main activities carried out during the reporting year:

PROGRAMME	FREQUENCY	DESCRIPTION
• Management Walkabout • HSE Inspection • Health and Safety Audits	Yearly / Monthly	Drive compliance to IMO, ISO and OHSAS Standards
• HSE Bulletin • HSE Safety Flash • HSE Internal Memo	Quarterly / Monthly	Communicate updates on latest internal and external OHS related matters and lessons learnt from previous incidents
• Campaigns and Awareness	Yearly / Half-yearly	Provide awareness to employees on • ISM/ISPS Awareness Programme • Garbage Management • Personal Protective Equipment ("PPE") Awareness • Ergonomics • Fatigue Management • 3R – Reuse, Reduce and Recycle

EMERGENCY PREPAREDNESS

It is essential to be prepared and ready for any emergency situations in order to protect our people and manage our operating risks. E.A. Technique has established an Emergency Response Manual ("ERM") that outlines the procedures, roles and responsibilities of each personnel both onshore and onboard to respond to emergencies. The ERM covers responses for potential emergency situations such as collisions, fire and explosion, ship abandonment and hull damage, amongst others.

Drills are regularly conducted in accordance to our Safety and Emergency Drill Schedule, aimed at improving awareness of potential hazards and improving response time in emergency situations. An annual building evacuation (fire drills) is carried out at the Head Office. Table top drills are also conducted on selected vessels once every year based on ISM and ISPS requirements. Other types of drills covering every potential emergency situation such as collisions, main engine failure and toxic vapour release are carried out twice a year, at a minimum. These drills provide a platform to test the readiness of our Emergency Response Team and Emergency Response Centre in managing emergency situations.

OUR OHS PERFORMANCE

Our OHS performance reflects our safety and healthy practices. We have recorded zero fatality and lost time injury during the year. This marks the 6th consecutive year in which we have achieved zero fatalities.

Our total safe man hours in FY 2018 has reduced from FY 2017 due to the completion of the project under the EPCIC operations in June 2018.

Despite the positive performance achieved, we will not remain complacent. We will continually strive to ensure we maintain our good safety performance and enhance our safety commitments to ensure we do not compromise on high safety standards year on year.

	FY 2017	FY 2018
Safe Man hours without Fatalities	5,840,366	2,154,422
Number of Fatalities	0	0
Number of Lost Time Injury (LTI)	0	0
Lost Time Injury Rate (LTIR)	0	0

Unsafe Condition Unsafe Act ("UCUA")

The UCUA is our proactive reporting initiative that helps reduce future incidents and promote a culture of safety.

It is a platform used to encourage our employees to report hazards that have the potential to cause injury. We reward contributors who provide report on significant hazards.

Some of the reported hazards include malfunction of tools or failure to utilise personal protective equipment.

Our relevant HSSEQ team will investigate and implement appropriate corrective actions accordingly based on reported hazards. In FY 2018, all reports submitted through UCUA have been addressed and resolved.

GOOD GOVERNANCE

We are committed to ensuring that a high standard of corporate governance in applied throughout the Group.

Good governance allows companies to gain the trust of investors and other stakeholders. At E.A. Technique, we ensure that these sound governance policies are in place to guide the ethical conduct of our employees in all aspects of their work.

In line with local laws and regulations, and echoing the Principles and Recommendations set out in the Malaysian Code on Corporate Governance ("MCCG"), we have established a set of internal policies that seeks to ensure integrity and transparency in the conduct of our business and in our relationships with others. These policies are set out below:

- Code of Ethics
- Conflict of Interest Policy
- Whistleblowing Policy Code of Ethics

CODE OF ETHICS

The Code of Ethics (the "Code") guides behavioural expectations of all employees of the Group. The Code of Ethics emphasises the principles of honesty, integrity, leadership, professionalism, loyalty, responsibility, and trustworthiness.

Our Code of Ethics covers the following:

- Employee's Responsibilities
- Sexual Harassment
- Conflict of Interests
- External Directorships
- Insider Trading
- Rewards and Gift
- Confidentiality
- Entertainment of Customers
- Working Environment
- Business Practices & Professionalism
- Political, Social or Professional Bodies or External Activities

All new employees are provided with a copy of the Code upon commencement of employment and are required to acknowledge their acceptance of the Code within a stipulated period of time. Any non-compliance to the Code is not tolerated. Employees may report any instances of non-compliance to the Head of Human Resource, and an investigation will be initiated, upon which necessary measures will be carried out as appropriate.

We strive to develop a structured mechanism to monitor and ensure employees compliance with the Code in the coming years.

WHISTLEBLOWING POLICY

E.A Technique's Whistleblowing Policy provides an avenue for employees to voice legitimate concerns about improprieties within the Group without fear of reprisals. The identity and personal information of these individuals are protected and kept confidential unless required by law.

This encourages openness, heightens ethical business conduct and provides trusted and accessible channels to report misconducts at our workplace.

Employees who raise concerns through this channel will be informed of the person handling the investigation and how to contact them should they require further assistance. In the year under review, there were no instances of whistleblowing reports across our business operations.

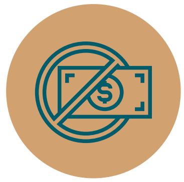
Whistleblowing Channels

Appointed Persons

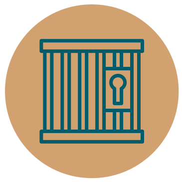
Audit Committee Chairman

Whistle blowing applies to the following types of misconduct and violations :

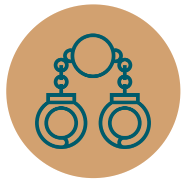
Financial Reporting



Corruption, Bribery or blackmail



Fraud



Criminal Offences

Non-complience with legal or regulatory obligation

Endangerment of an Individual's Health and Safety

Miscarriage of Justice

Concealment of Any, or a combination of the above

CONFLICT OF INTEREST POLICY

A conflict of interest situation arises when an employee's ability to perform his or her duties in the best interest of the Group is impaired or likely to be impaired by an external appointment, activity or personal interest. As such, our Conflict of Interest Policy reinforces the non-negotiable minimum standards of behaviours to manage these situations effectively. Employees that require clarification or guidance regarding the permissibility of a course of action may consult with their respective Line Managers or the Human Resource Department.

The Conflict of Interest Policy covers the following:

- Personal Workplace Relationships
- Outside Engagements, including Employment, Directorship, other Outside Activities
- Fraud
- Personal Financial Interests Relationships with Business Partners and Competitors

CUSTOMER SATISFACTION

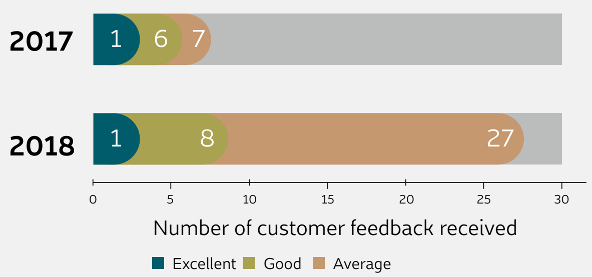
We have a diverse range of customers such as Oil & Gas ("O&G") trading companies, refineries, O&G exploration and production companies, marine vessel operators and ports throughout the country. In order to promote positive relationships with our customers, we strive to improve the quality of services and customer experience beyond compliance, in our journey to becoming the local marine operator of choice.

Regular engagements with our customers not only addresses their concerns but also builds trust and strengthens relationship. Accordingly, we conduct surveys bi-annually or upon product delivery to assess customers' satisfaction. This survey measures customers' views on our service quality, charter rates, communication, responsiveness, adherence to timelines and reliability.

Customer Engagement Platforms

- Networking Dinner
- Festive Celebration
- Maritime Exhibition
- Networking Forum

CUSTOMER FEEDBACK SURVEY RESULT



We value our customers' feedback and aim to continually improve our response time and readiness to meet and exceed our customers' expectations.

In FY 2018, E.A. Technique received a recognition and appreciation award from Enquest Petroleum Production Malaysia for services provided to them.

CAPABILITY BUILDING

At E.A. Technique, we recognise our employees as the cornerstone of our organisation; driving both our Marine and Non-Marine Operations. As "Achieving More" is our mantra moving forward, our success hinges on equipping our employees with the appropriate level of knowledge and skills to perform their duties effectively and efficiently. Recognising this, we continually invest in developing the talent and skills of our employees.

Our capability building initiatives are led by our Human Resource Department and are guided by the Employee Handbook which covers information about policies, work rules and the environment under which we operate. Furthermore, we comply with local labour regulations and standards to protect the interests of our employees and of the Group.

EMPLOYEE PROFILE

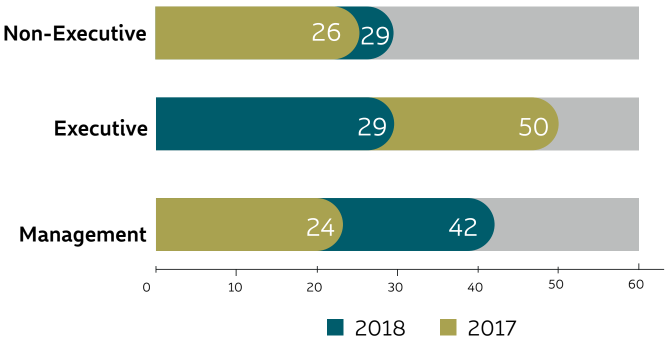
At E.A. Technique, we believe in having a diverse and inclusive workforce. Having a workforce comprising people of varied backgrounds, experiences and skills promotes greater collaboration and innovative thinking among employees. We value our diverse workforce and cater to the needs of employees of various ethnic backgrounds by providing half-day leave on the eve of their respective cultural celebrations.

Due to the nature of our operations, there is a need to recruit competent personnel at all levels of our operations to ensure safe and efficient operation of our fleet. As such, the recruitment of our office employees and onboard crew is conducted on meritorious grounds based on relevant qualifications, knowledge, skills and ability to perform the role prescribed. Our hiring policies ensure equal opportunities for all regardless of gender and ethnicity.

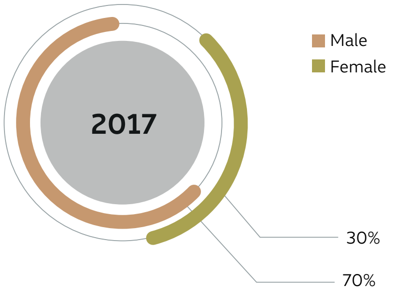
At present, female make up 7 % of all employees within the Group. In FY 2018, female employees comprised 35 % of our office-based employees and only 1 % of our onboard crew. This gender demographic reflects the nature of the maritime industry which traditionally attracts a larger proportion of male employees. Notwithstanding this, we recognise the lower representation of female employees in our workforce and have ambition to increase our female representation with our workforce in the coming years.

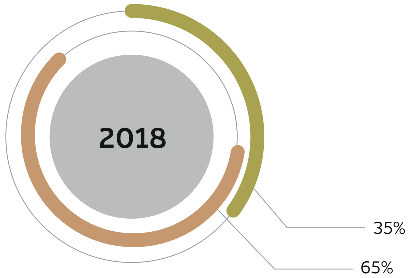
EMPLOYEE PROFILE

OFFICE-BASED EMPLOYEES (%)



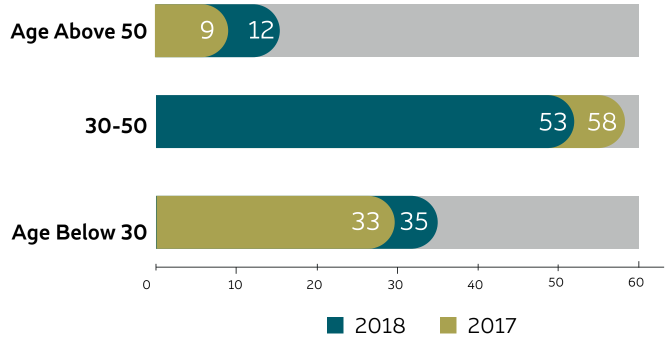
OFFICE-BASED EMPLOYEES (%)



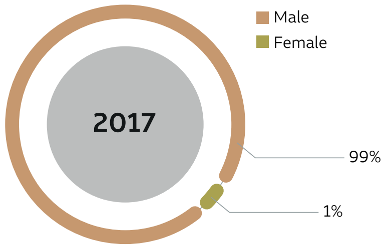


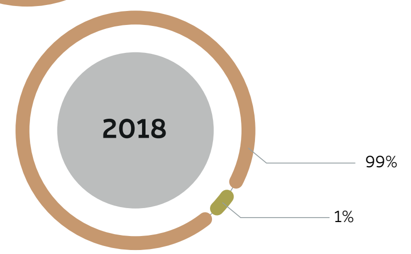
Note : The percentage of employee by gender for FY 2017 has been restated for consistency in year-on-year comparison

OFFICE-BASED EMPLOYEES (%)

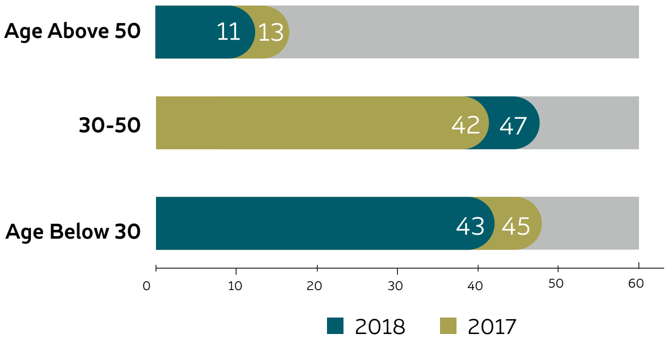


ONBOARD CREW (%)





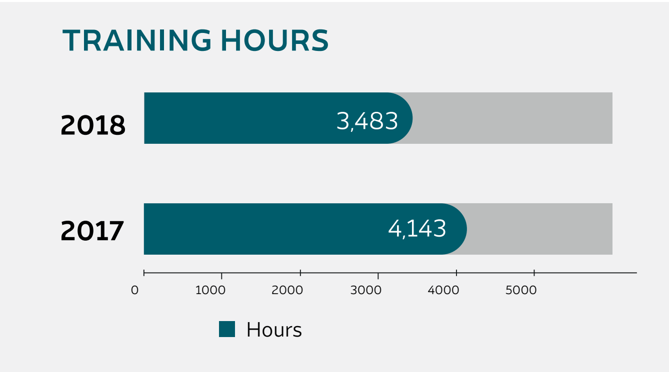
ONBOARD CREW (%)



TRAINING

At E.A. Technique, we endeavour to provide opportunities for staffs at all levels to equip themselves with the necessary knowledge, skills and competencies to not only be able to adapt to changes in the industry but also to support the delivery and achievement of the Group's objectives.

Our total training hours for FY 2018 has reduced by 16% from FY 2017, which corresponds to the 14% decrease in our total workforce. Our average training hours per employee remains at 6 hours per employee from FY 2017.



Note : The training hours data for FY 2017 has been restated to reflect total training hours for both office-based and on-board staff.

In FY 2018, our training initiatives comprised skills and personal development trainings.

YEARLY MANAGEMENT DEVELOPMENT

- Internal Auditor Training
- ISM/ISPS Awareness Training
- Risk Assessment Training
- ISO 9001/14001/18001 Training
- Boardroom Dynamics-Shaping High Performance Transformation
- The Annual Report of Tomorrow. Guide to forward looking information practical approach and guideline for risk management and internal control.

CONFERANCE & SEMINARS

- Sustainability Engagement Series - Workshop Customised for Chief Financial Officer/ Chief Sustainability Officer
- Malaysia World Maritime Week International Conference 2018
- Faith & Productivity : How Islamic Values and Practises can boost employee productivity

SAFETY & ENVIRONMENTAL TRAINING

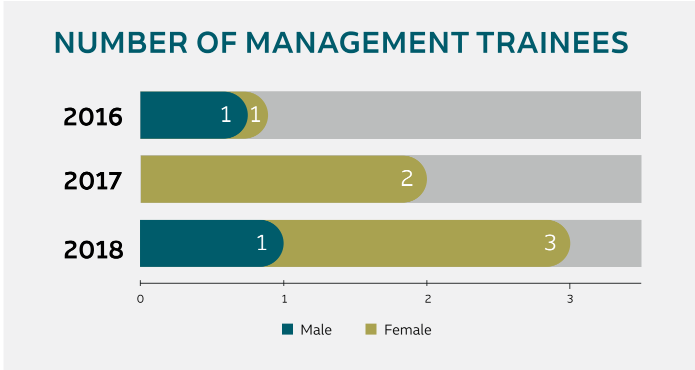
- Emergency Response Team Training
- Waste Management Training
- Incident Investigation Training
- Intermediate Level : First Aid, CPR & AED Course
- Loss Prevention System ("LPS") Training
- NIOSH Training
- Inspection test Training
- Basic Offshore Safety Induction and Emergency Training ("BIOSET")
- Training for Safety Promoter
- CCD Training ("CIDB") Technical Course

Looking ahead, we will be embarking on a more formal and strategic approach towards succession planning. This proactive work force planning will guide the career progression of our employees while providing us with a steady pipeline of future leaders who are able to support our business needs.

MANAGEMENT TRAINEE PROGRAMME

We also have a Management Trainee Programme in place to nurture future maritime professionals. This programme allows selected new recruits to undergo a guided familiarisation process for a year to seamlessly immerse themselves in our day-to-day operations with the intention to equip them with the relevant skills and competencies to embark upon more senior positions within the organisation when the opportunity arises.

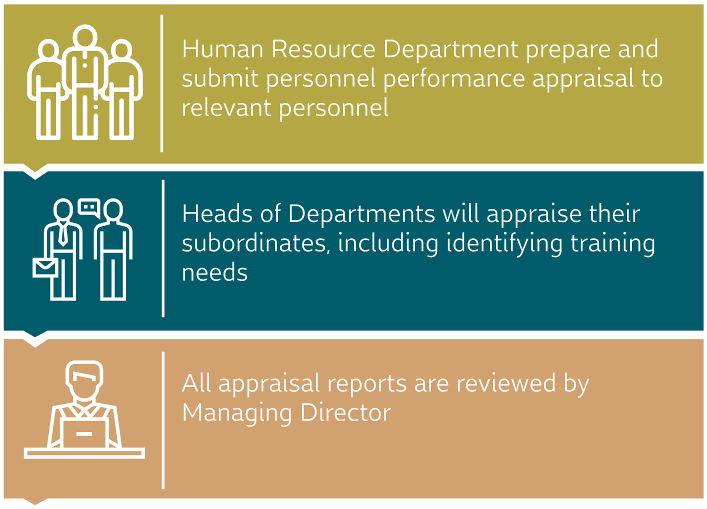
During the year under review, 4 Management Trainees joined this programme and were placed in the Commercial, Procurement, HSSE and Technical Departments respectively. The table details the uptake of our management trainee programme throughout the years:



PERFORMANCE REVIEW

Every employee undergoes formal performance and career development reviews, annually. We also encourage our leaders to have frequent informal performance conversations with their team members. This guides our employees' professional and personal development and provides a structured process for an employee to clarify expectations and reflect on areas for improvement.

In the year under review, 100% of our employees were subjected to the performance review process, as summarised in diagram :



LABOUR PRACTICES

We foster a responsible working environment by abiding to labour practices and regulations. The local labour laws and conventions we comply with are:

Malaysian Children and Young Persons (Employment) Act 1966	Industrial Relation Act 1967	Malaysian Employment Act 1955	International labour Organisation (ILO) Maritime Labour Convention 2006

We have zero tolerance for unethical labour practices such as child labour, forced labour and slavery in all of our operations.

CONTRIBUTION AND VOLUNTEERING

We are cognisant of our responsibility to care for the communities within our reach. We aim to uplift local communities and create a positive difference through our internship and outreach programmes. We contribute to these communities in cash and in kind.

4 FISHERMEN RESCUED BY STAFF

E.A Technique's commitment to looking out for the community is present in our everyday life.

On the 6 of May 2018, the onboard crew of Nautica Tg. Puteri IV which was enroute to Seligi A, spotted a floating object and upon closer inspection, noticed they were people signalling for help.

The fishermen's boat had capsized for 5 days and they managed to stay afloat by holding onto a styrofoam fishing box while wearing a life jacket. The onboard crew proceeded to respond and rescue the 4 fishermen in distress. None of the fishermen were reported to be hurt. The onboard crew promptly provided the fishermen with food and water upon rescue.

E.A Technique congratulated the onboard crew for their outstanding effort in extending a helping hand to those in need, and for exemplifying that caring for the community is embedded within our corporate culture.

BOOSTING LOCAL EMPLOYMENT

Undergraduates looking for exposure to the shipping industry are given the opportunity to undergo an internship programme with us. The aim of the programme is to facilitate workplace transition by providing undergraduates with a platform to gain real life business skills. Interns will shadow a personal mentor throughout their internship period. If the opportunity arises, well performing interns are absorbed into the workforce.

In FY 2018, 10 interns were placed in strategic departments within the Group. These interns were placed in the Manning, HSSE, Technical, Operation, Procurement, HR and Accounting divisions of the Group based on their academic background. The internship period ranged from 3 to 7 months, allowing them to experience and learn from our day-to-day business operations.

COMMUNITY CONTRIBUTION

We have engaged with local communities through a number of activities during the year.

VISIT TO OLD FOLKS HOME (PERSATUAN KEBAJIKAN AL-FIKRAH MALAYSIA)

On 3 November 2018, a team of 15 employees from E.A. Technique, including our Managing Director, Dato' Ir Abdul Hak Md Amin visited and brought cheer to elders at the Persatuan Kebajikan Al-Fikrah Malaysia in Kepong.

We spent time with the elders over tea and snacks. Employees were given the opportunity to feed old folks who were bedridden. After tea, the elders sang to entertain us. We donated RM 10,000 to the home to cover their medical and food expenses. Our presence brought much happiness to the elders and it was very meaningful event for our employees, as we made a valuable difference in the old folks' lives.

VISIT TO ORPHANAGE CENTRE (PUSAT JAGAAN ANAK-ANAK INSAN AL-RAHMAT HIKMAH)

On 17 November 2018, we organized a half-day visit to Pusat Jagaan Anak-Anak Insan Al-Rahmat Hikmah in Hulu Langat. A group of 15 employees, including Dato' Ir Abdul Hak Md Amin spent time with the children over a barbeque, and hosted some games for the children.

We contributed RM 10,000, out of which RM 5,000 was donated in a personal capacity. This contribution was used to purchase food and bedding supplies for the orphanage. The time spent together with the children was enriching and we hope the financial assistance provided will improve the welfare of the children.

MATERIAL MATTERS	INDICATORS		FY 2017	FY 2018
Economic Performance	Revenue (RM million)		367.00	419.00
Environmental Management	Carbon emissions (gCO2/tonne-mile)		26,792.00[1]	24,038.64
	Non-hazardous waste disposed (kg)		925.49	566.38
	Hazardous waste disposed (kg)		27.08	32.76
	Number of spill incidents		0	0
Occupational Health and Safety	Number of fatalities		0	0
	Fatality accident rate		0	0
	Total safe manhours		5,840,366	2,154,422
	Lost time injury rate (LTIF)		0	0
Good Governance	Total number of feedback received on customer satisfaction		14	36
Capability Building	Total number of employees		731	625
	Number of office-based employees	Male	120	77
		Female	51	42
		Total	171	119
	Percentage of office-based employees (%)	Male	70[2]	65
		Female	30[2]	35
	Number of onboard employees	Male	557	503
		Female	3	3
		Total	560	506
	Percentage of onboard employees (%)	Male	99	99
		Female	1	1
	Percentage of female employees (%)	Total	8	7
		Board composition	13	14
	Percentage of employees by employment type (%)	Permanent	2	3
		Contract	98	97
	Percentage of employees by age group (%)	Below 30	42	41
		30 – 50	46	48
		Above 50	12	11
	Employee turnover rate (%)	Office-based	42.1	55.5
		Onboard	43.9	26.1
	Amount invested for training (RM)		247,890	202,000
	Total number of training hours		4,143[3]	3,483
	Average training hours per employee		6[3]	6
Contribution and Volunteering	Total amount of contribution (RM)		5,400	15,000
	Number of interns		10	10

Notes :
[1] The data for CO_2 emission has been restated, Refer to page 66
[2] The data for percentage of office-based employees by gender has been restated. Refer to page 77.
[3] The data for training hours and average training hours per employee has been restated. Refer to page 78 .

CALENDAR OF EVENTS

15 FEBRUARY 2018

SAFETY TALK ON CONTINUOUS LEARNING - FAULTY POWER SOURCE NO. 1 CAUSE OF FIRE

HSEQ Department and Pusat Pencegahan Kebakaran Malaysia (FPC)
E.A. Technique
Meeting Room, Level 4

15 MARCH 2018

IN HOUSE TRAINING (HOW ISLAMIC VALUES AND PRACTICES CAN BOOST EMPLOYEE PRODUCTIVITY)

E.A. Technique (M) Berhad & BDEC Resources Malaysia Sdn Bhd
Geomatika University College
Training Room, Ground Floor,
Setiawangsa Business Suites

16 MARCH 2018

ISO AWARENESS TRAINING

Mega Mekar Solutions Sdn Bhd
Geomatika University College
Training Room

17&18 APRIL 2018

INTERNAL IMS AUDIT TRAINING COURSE

Mega Mekar
Geomatika University College
Training Room

6 MAY 2018

FISHERMEN RESCUE OPERATION BY NTP4

Seligi A. Field, Terengganu

14 MAY 2018

24TH ANNUAL GENERAL MEETING (AGM) OF E.A TECHNIQUE (M) BERHAD

Permata Ballroom, Level B2,
The Puteri Pacific, Johor Bahru

21 MAY 2018

BUKA PUASA WITH JABATAN LAUT MALAYSIA

Concorde Hotel, Shah Alam

22 MAY 2018

BUKA PUASA WITH VESTIGO PETROLEUM SDN BHD

Inter Continental Hotel,
Kuala Lumpur

23 MAY 2018

BUKA PUASA WITH PETRONAS DAGANGAN BERHAD & MISC MARITIME SERVICES SDN BHD

Impiana Hotel, Kuala Lumpur

30 MAY 2018

BUKA PUASA WITH PETRONAS TRADING CORPORATION SDN BHD (PETCO)

Traders Hotel, Kuala Lumpur

9 JULY 2018

NAMING AND DELIVERY CEREMONY OF NAUTICA GAMBIR & NAUTICA LANGSAT

Dundee Marine & Industrial
Services Pte Ltd, Singapore

12 JULY 2018

FAREWELL CEREMONY TO MOORING GANG AND NTP 7 & 8 CREW

Sg. Udang Port Sdn Bhd, Melaka

7 AUGUST 2018

JSE AS "OUTSTANDING SHIPBUILDER 2017" AWARD PRESENTATION BY MINISTRY OF TRANSPORT

Malaysia World Maritime Week 2018, Kuala Lumpur Convention Centre

7&9 AUGUST 2018

MALAYSIA WORLD MARITIME WEEK 2018

Kuala Lumpur Convention Centre

1 OCTOBER 2018

KEEL LAYING AND STEEL CUTTING CEREMONY OF M.V. NAUTICA TG. PUTERI XXXVII

Johor Shipyard Engineering Sdn Bhd

4 OCTOBER 2018

EA TECHNIQUE & KERTEH PORT CREW ENGAGEMENT PROGRAM & SAFE OPERATION FOR MONSOON PREPARATION

Rumah Ngaji Paka, Terengganu

27 OCTOBER 2018

BOWLING TOURNAMENT WITH RHB BERHAD

Berjaya Times Square

3 NOVEMBER 2018

VISIT TO OLD FOLKS HOME (PERSATUAN KEBAJIKAN AL-FIKRAH MALAYSIA)

LOT 683, Jalan Sekolah, Kg Sg. Sekamat, Jalan Cheras, Kajang

17 NOVEMBER 2018

VISIT TO ORPHANAGE CENTRE (PUSAT JAGAAN ANAK-ANAK INSAN AL-RAHMAT HIKMAH)

No. 1, Jalan Lengkok Utama, Taman Koperasi Uda, Hulu Langat.

4 DECEMBER 2018

RECOGNITION AND APPRECIATION SUPPORTING AWARD PRESENTATION BY ENQUEST PETROLEUM PRODUCTION MALAYSIA LTD

2018 2H Enquest Marine Contractor Interface Meeting, Awana Kijal Resort, Terengganu

STATEMENT OF CORPORATE GOVERNANCE

WE ARE COMMITTED TO CONTINUOUS ENHANCEMENTS TO OUR STANDARD OF CORPORATE GOVERNANCE TO SAFEGUARD THE INTERESTS OF INVESTORS AND THE WIDER PUBLIC.

E.A TECHNIQUE (M) BERHAD IS COMMITTED TO UPHOLD THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE PRACTICES BASED ON THE PRINCIPLES AND BEST PRACTICES AS SET OUT IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE 2017 ("THE CODE") AND THE BURSA MALAYSIA LISTING REQUIREMENTS ("LR") TO SAFEGUARD THE INTEREST OF ALL STAKEHOLDERS AND AT THE SAME TIME ENHANCE THE FINANCIAL PERFORMANCE OF THE GROUP.

This is a fundamental to how we discharge our duties and responsibilities towards protecting and enhancing shareholders' value and long term financial sustainability. The Company's strong culture and values, nurtured since inception, are reinforced with every successive year, especially more so recent times given the challenging business environment.

Set out below is the manner in which the Group has applied and complied the principles and recommendations of the Code throughout the financial year ended 31 December 2018.

BOARD OF DIRECTORS

The Company is led by an experienced Board with a wide spectrum of skills and experience that provides the strength required to lead the Group towards its objectives and enable the Group to rely on the firm control of an accountable and competent Board.

Members of the Board collectively and individually accept responsibility for the management and control of our Company in the interests of shareholders and spare no effort in the performance of their duties as Directors. In performing its duties, the Board has access to the advice and services of the Company Secretaries and, if necessary, may seek independent professional advice about the affairs of the Group. The Board is assisted by several Board Committees namely, the Audit Committee, Nomination Committee and Remuneration Committee.

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, our Directors:

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-laws of the Company and in existing laws, rules and regulations;

2. Exercise their best care, skill, judgment and observe utmost good faith in the conduct and management of the business and affairs of the Company; and

3. Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

Board Charter

The Board has adopted and implemented a Board Charter, which broadly sets the Board's governance process and the Board Management relationship. The Board is guided by the Charter, which guides and provides reference for Directors in performing and undertaking their role, responsibilities, duties and functions as members of the Board,

As set out in the Board Charter, the Board duties and responsibilities are as follows:

Area of Focus	Matters Considered by Board
Reviewing and adopting a strategic plan for Company	The Board plays a pivotal role in the reviewing the Company's strategic direction and approving corporate strategic initiates developed by the Management. In addition, the Board also deliberate and approves the Group's and Company's annual business plans, as well as medium and long-term strategic plans.
Overseeing the conduct of the Company's business	The Board is overseeing the Group's and Company's business operations and financial performance. The Board will discuss all operation matters and expert advice will be sought at Board meetings. This is to determine whether the business is being properly managed.
Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures	The Board will prescribe the minimum standards on managing of risks and other key areas of the Group's and Company's operations. The Risk Management Committee at Management level will assist the Board on identifying principal risks as well as monitoring on risk management practices.
Succession planning	The Board responsibility in this aspect is being closely supported by the Human Resource Department. This include appointing, training, fixing the compensation of, and where appropriate, replacing key management.
Overseeing the development and implementation of shareholder communication policy for the Company	Various strategies and approaches such as Quarterly Announcements and Annual General Meetings (AGM) attended by Board members are employed thus, to ensure that investors and shareholders are well informed about the Group affairs and developments.
Reviewing the adequacy and integrity of the Company's management information and internal control system	In fulfilling this responsibility, the Board is supported by External Auditors, Internal Auditors and Company Secretaries to provide a strong check and balance and reasonable assurance on the adequacy of the Company's internal control. The External and Internal Auditors has a responsibility to provide reasonable assurance that operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls are in place and properly implemented.

The Board will review its Charter regularly to keep it relevant and effective to the Board's objectives and all relevant standards of corporate governance.

The Board Charter is published on the Company's website at www.eatechnique.com.my

Non-Executive Directors

Compliance with the principles of sound corporate governance instituted in this Company shall be the paramount responsibility of and start with the Board. The Board exercises corporate power, conducts and manages the business and affairs of the Company with the principles of corporate governance instituted in this Company. The Board shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitablity, consistent with its corporate objectives and for the best interests of its stockholders and other stakeholders.

The Board delegates and confers some of the Board's authorities and discretion on the Managing Director as well as on properly constituted Board Committees comprising Non-Executive Directors.

The Board has established the roles and responsibilities of the Non-Executive Chairman, which are distinct and separate from the duties, and responsibilities of the Managing Director to ensure an appropriate balance of role, responsibility and accountability at Board level.

The Non-Executive Directors are independent of the Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels, and they engage with the external and internal auditors to address matters concerning the Management and oversight of E.A. Technique's business and operations.

The Board has defined the roles and responsibilities of Non-Executive Directors, which include the following:

- Providing independent and objective views (in the case of Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board.

- Ensuring effective check and balance in the proceedings of the Board.

- Mitigating any possible conflict of interest between the policy making process and day-to-day management of the Company.

- Constructively challenging and contributing to the development of the business strategies and direction of the Company.

- Ensuring that there are adequate systems and controls to safeguard the interests of the Company and the stakeholders.

- Ensuring that the culture of accountability, transparency, integrity and professionalism and responsible conduct is consistently adhered to in the Company.

SUMMARY OF THE BOARD POLICY

E.A. Technique embraces the principles of responsible and sustainable development and the Company's goal is to ensure that the interests of all stakeholders are given first priority. It defines responsible and sustainable development as encompassing social responsibilities, resource stewardship, appropriate environmental control and the capacity to operate efficiently.

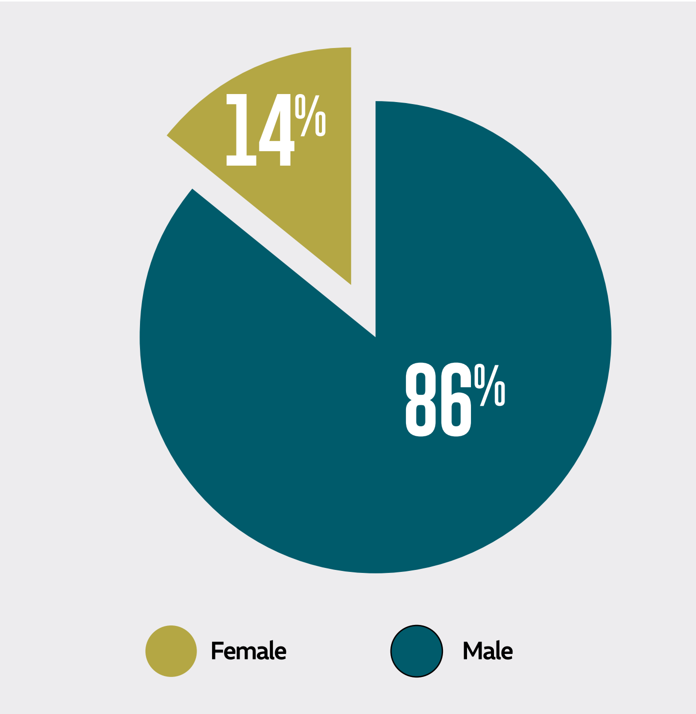
The Company also recognises board diversity as the key element for the achievement of its strategic goals and sustainable development. In designing the composition of members of the Board, the Company takes into account a number of factors from various aspects, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service in considering the diversity of the Board. All decisions regarding appointment of members of the Board will be based on the candidates' meritocracy having regard to a set of objective standards, which duly take the benefits of board diversity into consideration.

Size and Composition

The size and composition of the Board support its role, which is to determine the long-term direction and strategy of the Group, create value for shareholders, monitor the achievement of business objectives, ensure good corporate governance and that the Group meets its other responsibilities to all stakeholders.

The Board comprises seven (7) members. Its size and composition provides for a diversity of views to facilitate effective decision-making and appropriate balance between executive, independent and non-independent directors. The Directors come from diverse backgrounds with expertise and skills in economics, accounting, business and banking.

GENDER DIVERSITY IN THE BOARD



The ("Code") recommends that for large companies, the board must have at least 30% women directors.

Currently, the Board consists of only 14% woman directors. Although the Board has not set a target for appointment of additional woman directors, the Board embraces gender diversity, mindful that it should always be in the best interest of the Company.

The profile of each of Member is as presented on pages 18 to 26 of this annual report.

Board Balance and Independence of Directors

Based on the criteria set out in the ("Code"), it recommends that the Chairman of the Board should be a non-executive director and the Board must comprise a majority of independent directors.

The appointment of Non-Executive Directors is to ensure the effectiveness of the Board in its oversight of the duties of the Management. They are not employees and they do not participate in day-to-day management and operations of E.A. Technique. They bring an external perspective, to challenge and help develop proposals on strategy; scrutinise the performance of Management in meeting approved goals and objectives; and monitor the risk profile of the Company's business direction and performance.

The Board and the Nomination Committee concluded that Independent Non-Executive Directors must continue to be independent, demonstrate conduct and behaviour indicative of their independence, and that each of them continues to comply with the requirements of Independent Directors as defined in the Bursa Malaysia Listing Requirements.

On 1 October 2018, Datuk Anuar Ahmad (who was previously the Senior Independent Non Executive Director) has resigned from the Board.

Following the aforesaid changes, the current Board comprises a Non-Executive Chairman and five (5) Non-Executive Directors, of whom three (3) of them are independent. Hence, such board balance does comply with the listing requirements in respect of board composition.

Another recommendation of the Malaysian Code of Corporate Governance ("the Code") also states that the tenure of an Independent Director should not exceed a cumulative of nine (9) years and none of the Independent Director exceeds the tenure of nine (9) years. Each of the three (3) Independent Non-Executive Directors has provided an annual confirmation of his independence to the Nomination Committee and the Board.

Director's Code of Ethics

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appreciate decorum when acting as Board members.

As set out in the Company Directors' Code of Ethics:

- Members must represent non-conflicted loyalty to the interests of the Group. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs.

- Members must avoid conflict of interest with respect to their fiduciary responsibility.

- Members may not attempt to exercise individual authority over the Group except as explicitly set forth in the Board Policy.

- Members will respect the confidentiality appropriate to issues of a sensitive nature.

Sustainability

The Board recognises the importance of sustainability that creates long-term shareholders value by embracing opportunities and managing risks derived from the environment, social developments and governance. The Board is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of shareholders, stakeholders and business growth.

The Board is committed to provide fair and equal opportunities within the Group and acknowledge the importance of boardroom and workplace diversity. The Company is committed to promote workforce diversity in terms of gender, ethnicity, age, cultural background or other personal factors to ensure the workplace is fair, accessible and free from discrimination.

Details of the Sustainability Report are presented on page 54 of this Annual Report.

Board Meetings and Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. Sufficient notice is given to the Directors to review the said documents.

Generally, Board papers include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committee meetings, acquisition and disposal proposals, updates from Bursa Malaysia, list of directors' circular resolutions passed and report on the Directors dealings in securities, if any. The Board holds regular meetings of no less than four (4) times a year. In addition, the Board also meets as soon as the Company's annual results and upcoming quarterly results are finalised in order to review and approve the results for submission to Bursa Malaysia. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

The Directors, either in full Board or in their individual capacity, have unrestricted access to all information pertaining to the Group's business and affairs. This enables them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient audit findings and any risk management issues raised at the Audit Committee meetings and which require the Board's discussion on actions that may be required to be taken by the Management.

The External Auditors also briefed Board members on the Financial Reporting Standards that would affect the Group's financial statements during the year.

The Board has direct access to the Key Management and unrestricted and immediate access to any information relating to E.A. Technique's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.

The Board meets every quarter, with additional meetings convened when necessary. The meeting dates are planned ahead of schedule to ensure that each Board member can commit to attend, when the time arises. During the financial year ended 31 December 2018, the Board met four (4) times and the record of attendance of each Director is set out below: -

Directors	Directorship	No. of Meetings Attended
Dato' Kamaruzzaman Abu Kassim	Non-Independent Non-Executive Chairman	4/4
Ahamad Mohamad	Non-Independent Non-Executive Deputy Chairman	4/4
Dato' Ir. Abdul Hak Md Amin	Managing Director	4/4
Datuk Anuar Ahmad[1]	Senior Independent Non-Executive Director	3/3*
Datuk Mohd Nasir Ali	Independent Non-Executive Director	4/4
Rozan Mohd Sa'at	Independent Non-Executive Director	4/4
Abdul Azmin Abdul Halim	Independent Non-Executive Director	4/4
Aziah Ahmad	Non-Independent Non-Executive Director	4/4

[1] *Datuk Anuar Ahmad resigned as Directors of the Company on 1 October 2018.*
* *Reflects the attendance and the number of meetings held during the financial year since resignation date.*

Company Secretary

All Board Directors, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business. The Board believes that the current Company Secretaries are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. The Board is regularly updated by the Company Secretaries who are very experienced, competent and knowledgeable on new statutes and directives issued by the regulatory authorities. The Secretaries give sound advice on the measures to be taken and requirements to be observed by the Company and Directors arising from new statues and guidelines issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia.

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief them with updates every quarterly. They also oversee adherence with Board policies and procedures; brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings to ensure that these meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company. The Company Secretaries also facilitate timely communication and decisions made and policies set by the Board at Board meetings, to the Key Management for action. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between Non-Executive Directors and Management.

The appointment or removal of Company Secretary or Secretaries of the Board shall be prerogative of the Board as a whole.

Training and Development of Directors

The Company Secretaries undertake the role as coordinator in managing the Directors' training requirements, pursuant to Bursa Malaysia's LR. All Directors have completed the Mandatory Accreditation Programme. They are provided with the opportunity for training in areas such as new laws and regulations, financial reporting, risk management and investor relations in order to equip themselves with the knowledge to effectively discharge their duties during their tenure.

In addition, the Directors also receive regular briefings and updates on the Group's businesses, operations, risk management activities and relevant law updates through Board discussion meetings with the Managing Director, Chief Operating Officer, Chief Financial Officer and other Key Management Officers and through the Company's Management seminars.

During the financial year under review, Board members attended individually or collectively seminar(s), conference(s) and/or training(s) sessions are as follows:-

No.	Name of Director	Training Attended
1.	Dato' Kamaruzzaman Abu Kassim	1. 2018 Pizza Hut Partners Council (14/03/2018) 2. 2018 KFC International Franchise Convention (29/05/2018) 3. C-Level Dialogue on the Global Leadership Forecast 2018 (24/07/2018) 4. Intellectual Property (IP) Awareness Programme (03/10/2018) 5. Khazanah Megatrends Forum 2018 (08/10/2018) 6. 4th World Muslim Leadership Forum (WMLF) (06/12/2018)
2.	Ahamad Mohamad	1. 10th Asian Palm Oil Summit (30/07/2018)
3.	Dato' Ir. Abdul Hak Md Amin	1. Corporate Liability Law: Liability Risks For Directors & Senior Offices (22/02/2018)
4.	Datuk Anuar Ahmad[1]	None
5.	Datuk Mohd Nasir Ali	1. Audit Committee Conference 2018 - Internal Auditing in the Age of Disruption (27/03/2018) 2. Risk Management Conference 2018 (29/08/2018)
6.	Rozan Mohd Sa'at	None
7.	Abdul Azmin Abdul Halim	None
8.	Aziah Ahmad	1. Mandatory Accreditation Programme (29/01/2018) 2. MFRS Training (30/05/2018 & 31/5/2018) 3. National Tax Conference (16/07/2018 & 17/7/2018) 4. Sharpen Your Skills On Listing Requirement Compliance (26/07/2018) 5. SST Briefing (27/08/2018) 6. MIA Conference (09/10/2018 & 10/10/2018)

[1] *Datuk Anuar Ahmad resigned as Directors of the Company on 1 October 2018.*

Technical Visits of Board/Board Committees in 2018

Date	Venue/Purpose
12 June 2018	MMHE West, Pasir Gudang, Johor Bahru – Sailaway of Mekar Bergading
9 July 2018	Dundee Marine & Industrial Services Pte Ltd, Singapore – Naming and Delivery Ceremony of two (2) superfast crew boats, MV Nautica Gambir and MV Nautica Langsat.

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established three (3) Committees whose composition and terms of reference are in accordance with the recommendations of ("the Code"). The present Board Committees are Audit, Nomination and Remuneration Committee, which are reviewed by the Board from time to time to ensure that they remain relevant and are up-to-date.

Board Committees, each with different functions, assist Board members in discharging their fiduciary duties. They do not make decisions on behalf of the Board and the Company. It is each committee's duty to review matters under its purview and make the necessary recommendations to the Board for its consideration and decision-making.

The Management committees has also been set up to assist the Board in implementing and monitoring the system of internal controls within the Group.

A. AUDIT COMMITTEE

The Audit Committee consists of the following members appointed by the Board:

Name	Designation	Directorship
Datuk Anuar Ahmad[1]	Chairman	Senior Independent Non-Executive Director
Datuk Mohd Nasir Ali[2]	Chairman	Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Aziah Ahmad	Member	Non-Independent Non-Executive Director

[1] *Datuk Anuar Ahmad resigned as Directors of the Company on 1 October 2018.*

[2] *Datuk Mohd Nasir Ali appointed as Chairman of the Audit Committee on 1 October 2018*

The Audit Committee's objectives are, among others, to provide an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, and establishing and maintaining internal controls.

The Terms of Reference of the Audit Committee and a summary of activities carried out during the financial year ended 31 December 2018 are set forth in the Audit Committee Report on pages 113 to 116 of this Annual Report.

B. NOMINATION COMMITTEE

In 2018, the Nomination Committee had one (1) meeting. The committee is responsible for recommending candidates to fill vacancies in the Board based on their qualifications, abilities and potential contribution to our Company.

The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company's operations. All the Directors continue to uphold the highest governance standards in their conduct. All the Members of the Board are well qualified to hold their positions as Directors of E.A. Technique in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities.

Membership

The Nomination Committee shall have at least three (3) members, all of whom shall be non-executive directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of whom one should be an independent director. Nomination Committee members and Chairperson shall be appointed by the Board. The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

In the event of a tie in votes, the Chairperson of the Committee shall have a casting vote (except when two (2) directors from the quorum). In the absence of the Chairperson of the Committee, members present shall elect one of their numbers to chair the meeting.

The Nomination Committee shall have no executive powers.

The Nomination Committee members are:

Name	Designation	Directorship
Dato' Kamaruzzaman Abu Kassim	Chairman	Non-Independent Non-Executive Director
Abdul Azmin Abdul Halim	Member	Independent Non-Executive Director
Rozan Mohd Sa'at	Member	Independent Non-Executive Director

Terms of Reference

The Nomination Committee is entrusted to:

1. Identify and recommend to the Board, candidates for board directorships of E.A. Technique;

2. Recommend to the Board, directors to fill the seats on Board Committees;

3. Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and contributions of each individual director.

4. Ensure an appropriate framework and plan for Board succession for the Company.

Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of management, counsels, and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Non-committee directors and members of management in attendance may be required by the Chairperson to leave the meetings of the Committee when so requested.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from Committee members. The Chairperson may also request management to participate in this process. The agenda for each meeting including supporting information shall be circulated at least seven (7) days before each meeting to the Committee members and all those who are required to attend the meeting.

The Committee shall record minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members.

The Committee, through its Chairperson, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance to the Principle 2 of ("the Code").

The Chairperson of the Committee shall be available to answer questions about the Committee's work at the AGM of the Company.

Scope of Activities

The duties of the Nomination Committee shall include the following: -

1. To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board.

2. To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experiences, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently.

3. To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board.

4. To propose to the Board, the responsibilities of non-executive directors, including membership and Chairperson of Board Committees.

5. To evaluate and recommend the appointment of senior executive positions, including that Managing Director and their duties and the continuation (or not) of their service.

6. To establish and implement process for assessing the effectiveness of the Board as a whole, the Committee of the Board and for assessing the contribution of each director.

7. To evaluate annually the effectiveness of:

   - each director's contribution to the Board and the relevant Board Committees and to provide the necessary feedback to the directors in respect of their performances;

   - Committee of the Board; and

   - the Board as a whole.

8. To recommend to the Board:

   - the re-election of directors who are retiring by rotation;

   - the termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons.

9. To establish appropriate succession plans at Board level, and if appropriate, senior management level.

10. To provide adequate training for new directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Company.

11. To consider other matters as referred to the Committee by the Board.

New Appointment and Re-Appointment of Directors

The Nomination Committee is responsible for assessing the performance of Directors whose current term of appointment is due to expire, and submitting their recommendation to the Board for decision on the re-appointment of the Director concerned.

Re-appointment and Re-election of Directors

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the year are required to retire and seek for re-election by the shareholders at the next annual general meeting ("AGM") to be held following their appointments.

Following the enforcement of the Companies Act 2016 ("the Act") effective 31 January 2017 that repealed the Companies Act, 1965, there is no longer an age limit for a Director. Therefore, a Director of a public company of or over age of seventy (70) is no longer subject to retirement at the AGM.

At every annual general meeting of E.A. Technique, one-third of Directors for the time being and those appointed during the financial year shall retire from office and be eligible for re-election. All Directors shall retire from office once in three (3) years, and are eligible for re-election. The performance of Directors subject to re-appointment and re-election at the annual general meeting will be assessed by the Nomination Committee, and its recommendations are submitted to the Board for decision-making prior to being tabled for shareholders' approval at the next annual general meeting.

C. REMUNERATION COMMITTEE

The Remuneration Committee is responsible for reviewing the remuneration policies; evaluating, deliberating and recommending to the Board compensation and benefits based on market norm and best industry practices. The Remuneration Committee is also responsible for evaluating the Executive Directors' remuneration that is linked to the performance of the Executive Director and the Group. Executive Directors shall abstain from deliberation and voting on decisions with respect to their own remuneration packages.

Membership

The Remuneration Committee shall have at least three (3) members and the quorum for the Committee shall be two (2) members. Remuneration Committee members and the Chairperson shall be appointed by the Board based on the recommendations of the Nomination Committee. The appointment of a committee member terminates when the member ceases to be a director, or as determined by the Board.

In the event of equality of votes, the Chairperson of the Committee shall have a casting vote (except where 2 directors from the quorum). In the absence of the Chairperson of the Committee, the members present shall elect one of their numbers to chair the meeting.

Committee members shall have:

- good knowledge of the Company and its executive directors, and a full understanding of shareholders' concerns; and

- good understanding, enhanced as necessary by appropriate training or access to professional advice, on/of areas of remuneration.

The Remuneration Committee members are:

Name	Designation	Directorship
Dato' Kamaruzzaman Abu Kassim	Chairman	Non-Independent Non-Executive Director
Datuk Mohd Nasir Ali	Member	Independent Non-Executive Director
Rozan Mohd Sa'at	Member	Independent Non-Executive Director

Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may consult the Chairperson of the Board regarding proposals relating to the remuneration of executive directors. The Committee may consult other non-executive directors in its evaluation of the Managing Director/Chief Executive Officer. The Committee may request other directors and key executives to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Company. The Committee is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The Committee may, if it thinks fit, secure the attendance of external advisers with relevant experience and expertise, and shall have the discretion to decide who else other than its own members, shall attend its meetings. No director or executive shall take part in decisions on his/her own remuneration.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from Committee members. The Chairperson may also ask management to participate in this process. The agenda for each meeting shall be circulated at least 7 days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee from management or external consultants shall be received together with the agenda for the meetings.

The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members.

The Committee, through its Chairperson, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Principle 2 of ('the Code").

The Chairperson of the Committee shall be available to answer questions about the Committee's work at the AGM of the Company.

Scope of Activities

The duties of the Remuneration Committee shall include the following:

1. To establish and recommend the remuneration structure and policy for executive directors and key executives, if applicable, and to review changes to the policy, if and when necessary.

2. To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of executive directors.

3. To review and recommend individual remuneration packages for each of the executive directors and, as appropriate, other senior executives, including: the terms of employment or contract of employment/service; benefits, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract by the Company.

4. To review with the Managing Director, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.

5. To review the performance standards for key executives to be used in implementing the Group's compensation programs where appropriate.

6. To consider and approve compensation commitments/ severance payments for executive directors and key executives, where appropriate, in the event of early termination of the employment/service contract.

7. To consider other matters as referred to the Committee by the Board.

With the assistance of the Remuneration Committee, the Company has established several systems to determine the remuneration policies of staff, taking into account staff performance, Company's requirements, and external benchmarks. The ultimate goal is to attract, retain and motivate staff to be committed in the success of the Company while realizing personal and professional growth and increasing corporate and shareholder value.

Directors' Remuneration

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration package for the Executive Directors. Approval of the Committee's recommendations ultimately rests with the Board.

The remuneration of Non-Executive Directors, which is made up of Director's Fee, meeting allowance and other benefits, if any, is determined by the Board. The Director's fee is determined and recommended by the Board, and subject to the approval of shareholders at the annual general meeting.

Director's remuneration paid or payable for the financial year ended 31 December 2018 is as follows:

COMPANY LEVEL	NAME	POSITION	FEES (RM)	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
Non Executive Directors	Dato' Kamaruzzaman Abu Kassim	Chairman	72,000	2,800	-	-	74,800
	Ahamad Mohamad	Director	48,000	2,400	-	-	50,400
	Datuk Anuar Ahmad (Resigned as Director w.e.f 1 October 2018)	Director	36,000	4,600	-	-	40,600
	Datuk Mohd Nasir Ali	Director	48,000	3,100	-	-	51,100
	Rozan Mohd Sa'at	Director	48,000	2,400	-	-	50,400
	Abdul Azmin Abdul Halim	Director	48,000	5,400	-	-	53,400
	Aziah Ahmad	Director	48,000	5,400	-	-	53,400
	Total Non Executive Directors		348,000	26,100	-	-	374,100
Executive Director	Dato' Ir. Abdul Hak Md Amin	Managing Director	60,000	463,461	34,000	208,522.40	765,983.40
	Total Executive Director		60,000	463,461	34,000	208,522.40	765,983.40
GRAND TOTAL			408,000	489,561	34,000	208,522.40	1,140,083.40

GROUP LEVEL	NAME	POSITION	FEES (RM)	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
Non Executive Directors	Dato' Kamaruzzaman Abu Kassim	Chairman	72,000	2,800	-	-	74,800
	Ahamad Mohamad	Director	48,000	2,400	-	-	50,400
	Datuk Anuar Ahmad (Resigned as Director w.e.f 1 October 2018)	Director	36,000	4,600	-	-	40,600
	Datuk Mohd Nasir Ali	Director	48,000	3,100	-	-	51,100
	Rozan Mohd Sa'at	Director	48,000	2,400	-	-	50,400
	Abdul Azmin Abdul Halim	Director	48,000	5,400	-	-	53,400
	Aziah Ahmad	Director	48,000	5,400	-	-	53,400
	Azli Mohamed	Director	27,500	1,000	-	-	28,500
	Johari Shukri Jamil (Appointed as Director w.e.f 16 January 2018, Resigned w.e.f 26 December 2018)	Director	17,000	1,000	-	-	18,000
	Zulkifli Mohd Amin	Director	30,000	500	-	-	30,500
	Total Non Executive Directors		422,500	28,600	-	-	451,100
Executive Directors	Dato' Ir. Abdul Hak Md Amin	Managing Director	98,500	464,661	34,000	208,522.40	805,683.40
	New Kok Ho	General Manager	30,000	240,994	17,780	53,780	399,504.00
	Total Executive Directors		128,500	705,605	48,780	262,302.40	1,145,187.40
GRAND TOTAL			551,000	734,205	48,780	262,302.40	1,596,287.40

The number of Directors of the Company, including Directors who resigned during the year, whose remuneration band falls within the following successive bands of RM50,000 (Company and Group basis) is as follows:

Company Level Remuneration Bands	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	1
RM50,001 – RM100,000	-	6*
Exceed RM100,000	1	-

Group Level Remuneration Bands	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,001 – RM100,000	-	6*
Exceed RM 100,000	2	-

* Including Datuk Anuar Ahmad who is resigned as Directors of the Company on 1 October 2018

Key Management Remuneration

Remuneration to the Key Management shall consist of fixed salary, variable remunerations such as bonus, other customary benefits and pension. The total remuneration should be market related and reflect distinguish performance.

Matters related to remuneration to the Managing Director, Chief Operating Officer and Chief Financial Officer are prepared by the Johor Corporation Remuneration Committee. Matters related to remuneration to other senior top management are decided by the Appraisal, KPI & Bonus Committee.

The Appraisal, KPI & Bonus Committee review the Company's remuneration principles once a year, unless, there are appropriate grounds for more urgent consideration.

Key Management remuneration paid or payable for the financial year ended 31 December 2018 is as follows: -

COMPANY LEVEL	NAME	POSITION	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
1	Johari Shukri Jamil (Resigned w.e.f 26 December 2018)	Chief Operating Officer	457,028	0	49,630.63	506,658.63
2	Azli Mohamed	Chief Financial Officer	435,000	0	12,748.54	447,748.54
3	Zulkifli Mohd Amin	General Manager	406,320	23,350	0	429,670
4	Tajul Asikin Sallehudin	Senior Manager, Technical	272,520	18,230	0	290,750
5	Mohd Yusni Razali	Senior Manager, Fleet Operations	212,040	13,570	0	225,610
Grand Total			1,782,908	55,150	62,379.17	1,900,437.17

GROUP LEVEL	NAME	POSITION	SALARIES AND OTHER EMOLUMENTS (RM)	BONUS (RM)	BENEFIT-IN-KIND (RM)	TOTAL (RM)
1	Johari Shukri Jamil (Resigned w.e.f 26 December 2018)	Chief Operating Officer	475,028	0	49,630.63	524,658.63
2	Azli Mohamed	Chief Financial Officer	463,500	0	12,748.54	476,248.54
3	Zulkifli Mohd Amin	General Manager	436,820	23,350	0	460,170
4	New Kok Ho	General Manager	290,340	14,780	0	305,120
5	Tajul Asikin Sallehudin	Senior Manager, Technical	272,520	18,230	0	290,750
6	Mohd Yusni Razali	Senior Manager, Fleet Operations	212,040	13,570	0	225,610
Grand Total			2,150,248	69,930	62,379.17	2,282,557.17

MANAGEMENT COMMITTEE

The Management Committee is the link between the staff and the Board of Directors. Its primary functions are to:

- Strategize the business of the Company.
- Propose strategic business plans and policies to the Board for deliberation and approval.
- Monitor business operations of the Company.
- Responds to issues through the establishment of action-oriented task force(s)/working groups and keep in tandem with changes in the business environment, both external and domestic, through recommendation and proposals.

Composition

The Management Committee is chaired by Managing Director and comprised of Chief Operating Officer, Chief Financial Officer, General Manager, Project Director and all heads from each department.

Meetings

Meetings are scheduled once a month, with authority to convene additional meetings when considered appropriate. An agenda will be circulated beforehand, at least one week prior to the meeting, along with briefing materials.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee oversees the formal development of operational risk management policies encompassing all business activities and ensuring the development of policy manuals, processes, procedures and practices.

It is also entrusted to evaluates and assesses the adequacy of controls to manage the overall operational risks associated with business activities including physical/premises security

The Risk Management Committee holds meetings four times a year.

The Terms of Reference of the Risk Management Committee and a summary of activities carried out during the financial year ended 31 December 2018 are set forth in the Statement of Risk Management and Internal Control on pages 104 to 112 of this Annual Report.

Employee Code of Ethics

The Company has adopted a formal Code of Ethics for its employees as a guide in acting as the moral compass to manage highly complex businesses and difficult situations where the line between right and wrong tends to be blurred.

This Code of Ethics is intended to enable employees to make decisions and act in a manner that supports the Group's mission and values as well as protect the interests of shareholders and public at large. All employees are expected to comply and uphold the Code of Ethics when discharging their duties. Non-compliance is viewed seriously and will attract appropriate disciplinary action. When breaches occur, it is the responsibility of employees to report them. Confidentiality of information will be strictly observed.

The Group views the Employee Code of Ethics as a step forward towards sound decision-making, undertaken within a defined integrity framework. This Code of Ethics is available at the Company's website and will be reviewed by the management as and when the need arises.

Whistle Blowing Policy

The Group has in place a Whistle Blowing's Policy designated to create a positive environment in which employees can report or disclose in good faith genuine concerns about unethical behavior, malpractice, illegal act or failure to comply with regulatory requirements without fear of reprisals and to enable prompt corrective actions and his/her identity is kept confidential, unless otherwise required by law. All disclosures are to be treated fairly and properly and addressed in an appropriate and timely manner.

The Whistle Blowing's Policy covers workplace malpractices such as corruption, bribery and fraud; criminal offence or any breach of the laws of Malaysia; acceptance of gifts/ favors beyond the threshold allowed by the company; misuse and/or misappropriation of the company's funds or assets; impropriety (including financial and operational); gross mismanagement, including serious potential breach to the interest of society and environment; breach of the Company's code of ethics, including sexual, physical or other abuse of human rights; and acts or omissions jeopardising the health and safety of the company's employees or the public.

Employees can report incidents of malpractice to their line manager. However, if for any reason the employee is reluctant to do so, he/she can channel his/her concern(s) in confidence to appointed persons such as the Managing Director, Chief Financial Officer or General Manager. They also have the option of raising their concerns with an independent third party appointed persons by the company such as the Chairman of the Audit Committee.

Employees who have raised concerns internally will be informed of who is handling the matter, how they can make contact with them and if there is any further assistance required. The policy also sets out disciplinary actions to be taken against disclosures with wrongful or malicious intent.

The Whistle Blowing's Policy has been published in the Company's website and will be reviewed by the Board and when the need arises.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed in providing a balanced, insightful and comprehensive assessment of the financial performance and prospect of E.A. Technique and the E.A. Technique Group in all the disclosures made to stakeholders and regulatory authorities.

These stakeholders are kept abreast of the E.A Technique Group's financial position during the financial year, through the annual financial statements, quarterly financial results announcements and press releases. Quarterly financial results and annual financial statements are reviewed and deliberated upon by the Audit Committee to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval.

The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and changes to these policies, and ensures these financial statements comply with accounting standards and regulatory requirements.

The Statement of Responsibility by Directors with respect to the preparation of the annual audited financial statements of E.A. Technique and the Group is set out on page 125 in the Financial Statements section of this annual report.

Related Party Transactions

The Group has in place a procedure to ensure the Company meets its obligations under the Listing Requirements of Bursa Malaysia relating to related party transactions. All related party transactions are presented to Audit Committee for review on a quarterly basis and later escalated to the Board for notation.

The Recurrent Related Party Transactions entered into by the Group with its related parties is set out on pages 219 to 221. Details of these transactions are in the ordinary course of business, on arm's length basis and on normal commercial terms, which are not favorable to related parties other than those generally available to the public and not detrimental to minority shareholders.

Internal Controls

The Board acknowledges that its responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets as required by ("the Code"). The Risk Management Committee ("RMC") is assigned the task to review the adequacy and effectiveness of the risk management and internal control procedures and report to the Board on major findings for deliberation.

The size and complexity of the operations of the Company and the Group involve the management of a wide variety of risks. The nature of these risks mean that events may occur that would give rise to unanticipated or unavoidable losses. The Company's and the Group's systems of risk management and internal control are designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. RMC meets every quarter to ensure that the accountability for managing significant risks identified is clearly assigned and that identified risks affecting the Company and the Group is being satisfactorily addressed on an ongoing basis.

In order to ensure the compliance with the Listing Rules and the disclosure requirements of inside information of Securities and Futures Ordinance, the Company set out the Guidance of Responsibility of Continuous Disclosure and instructed its staff the steps to disclose information properly so as to enable the reporting of the potential insider information/trading to the responsible person to decide whether any announcement had to be made. It also establishes relevant mechanism to ensure the secrets of the Company can be protected effectively.

Relationship with External Auditors

The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the Audit Committee, the Board maintains a transparent relationship with the Internal and External Auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The Audit Committee is empowered to communicate directly with the external and internal auditors and vice versa to highlight any issues of concern at any point in time.

Messrs Ernst & Young ("EY") was appointed in the previous Annual General Meeting as the external auditors for the Group. EY meet the Audit Committee at least twice a year to highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the Audit Committee or the Board.

The Audit Committee ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by EY in order to make sure that it does not give rise to conflicts of interest. The excluded contracts would include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2018 to the external auditors are set out below:

	E.A. TECHNIQUE RM
Fees paid / payable to E.Y.	
Audit	298,430.00
Audit-Related	78,240.00

STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

E.A. Technique adopts an open and transparent approach in respect of its relationship with shareholders, investors and stakeholders.

For this to occur, it is primary duty of the Board to provide accountability to its shareholders, a wide range of stakeholders have begun to look to the Board to provide information about the Company's standing. This includes the regulators for statutory disclosure requirements of Bursa Malaysia, creditors and lenders for the confirmation on financial status, customers for continuation of service, employees for employment prospects and others whose interests are affected by the Company's standing and behavior. In meeting, these accountability responsibilities, the Board will use its best endeavors to familiarize itself with issues of concern to shareholders and stakeholders.

The Board delegates the authority to Chairman, Managing Director ("MD") or any other Officers authorized by the MD to speak for the Company. The communication with external parties includes the shareholders, institutional investors, press, customers and others. If comments from the Board are appropriate, they should in most circumstances, come from the Chairman.

Annual General Meeting

The Annual General Meeting ("AGM") is important avenue for shareholders to exercise their ownership rights and to access and engage in dialogue with the Board and management. At the AGM, the Board provides opportunity for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from the shareholders at the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

Eight (8) Directors were present in person to engage directly with shareholders during the last AGM. All Directors will commit to attend the general meetings and chairman of the Board Committees will provide meaningful response to questions addressed to them.

The Board has adopted electronic voting at the previous AGM, supervised by an independent scrutineer. All resolutions considered at general meetings will be put to vote by way of poll and the voting results will be released to Bursa Malaysia on the same day.

In line with good corporate governance practice, the Notice of AGM and annual reports were dispatched to shareholders at least 28 days ahead of the meeting date to allow the shareholders to make the necessary attendance and voting arrangement.

The Board encourages participation at general meetings and encourages poll voting by informing the shareholders of their right to demand for poll. To keep the shareholders and investors informed on the Group's latest business and corporate development, information is disseminated via Annual Report, circular to shareholders, press releases, quarterly financial results and various announcements made from time to time to Bursa Malaysia.

Investor Relations

In addition to the Group's communication with shareholders during the Annual General Meeting, E.A. Technique Investor Relations continued its robust investor engagements to better serve our investor's request for regular updates on Company's financial performance, business strategies and growth prospects.

Various engagement activities were carried out to maintain our engagements with existing and potential investors. These included Quarterly and Financial Results announcements, IR conferences, in house analyst briefings and conference calls.

We strived to meet as many investors as possible to provide clear guidance on the Company's strategic direction, and promote understanding of the financial performance and latest developments of the company.

In 2018, to maintain our engagement with the financial community, upon each quarterly results announced, we hold 12 in house meetings with various analysts and fund managers.

IR Key Activities

9 January 2018 Engagement Session	14 May 2018 24th Annual General Meeting	7 September 2018 2Q FY2018 Analyst Briefing	12 October 2018 Engagement Session
13 March 2018 4Q FY2017 Analyst Briefing	22 May 2018 1Q FY2018 Analyst Briefing	3 October 2018 Engagement Session	3 December 2018 3Q FY2018 Analyst Briefing
5 April 2018 Engagement Session	24 July 2018 Engagement Session	11 October 2018 Engagement Session	
17 April 2018 Engagement Session	7-9 August 2018 World Maritime Week Conference	12 October 2018 Engagement Session	

Analyst Coverage

CIMB Principal – Asset Management	Manulife Asset Management	UOB Asset Management Malaysia	Allianz Malaysia Berhad	Eastspring Investments
Hong Leong Assets Mangement	Maybank Asset Management Sdn Bhd	Public Investment Bank Berhad	RHB Investment Bank Berhad	Value CAP Sdn Bhd
KAF Investment Fund Berhad	Libra Invest Berhad	Pacific Mutual Fund Bhd	TA Asset Management Berhad	Kenanga Investment Bank Berhad

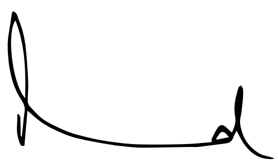
Effective Communication to Enhance Engagement

E.A. Technique's corporate website, www.eatechnique.com.my, offers an essential platform for investors to access information periodically through the Investor Relations sections. Any queries or concerns regarding the company, especially on Investor Relations related matters, can be directed to the team at ir@eatechnique.com.my

However, the primary contact for Investor Relations matters of E.A. Technique (M) Berhad is:

NORWAHIDA JAAFAR
Head of Corporate Finance & Corporate Services
Contact Details
Telephone number: **603-4252 5422**
E-mail: norwahida@eatechnique.com.my
ir@eatechnique.com.my

This statement is approved by the Board of Directors on 29 March 2019.



DATO' KAMARUZZAMAN ABU KASSIM
Chairman

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

WE ARE COMMITTED TO ENSURE THAT THE AFFAIRS OF THE GROUP ARE CONDUCTED WITH INTEGRITY AND PROFESSIONALISM

IN COMPLIANCE TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA MALAYSIA") PARAGRAPH 15.26(B), AND THE PRINCIPLES SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 ("THE CODE"), THE BOARD OF DIRECTORS OF E.A. TECHNIQUE (M) BERHAD ("THE BOARD") IS COMMITTED TO ENSURE THAT THE AFFAIRS OF THE GROUP ARE CONDUCTED WITH INTEGRITY AND PROFESSIONALISM WITH THE OBJECTIVE OF SAFEGUARDING SHAREHOLDERS' INVESTMENT AND ULTIMATELY ENHANCING SHAREHOLDERS' VALUE.

The Board is pleased to provide the Statement on Risk Management & Internal Control that was prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia. This guideline outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management framework and internal control system of the Group.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility and oversight for the Group's system of internal controls and is constantly keeping abreast with developments in areas of risk and governance. For this purpose, the Board continues to be involved in determining the Group's level of risk appetite and in identifying, assessing and monitoring the significant business risks to achieve its strategy, policies and business objectives throughout the financial year under review up to the date of approval of this statement. However, it should be noted that control systems are designed to manage rather than to totally eliminate associated risks; and as such, can only provide reasonable but not absolute assurance against material loss or failure.

Good corporate governance practices contribute towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders' value, whilst taking into account the interests of other stakeholders.

This system is subject to the Board's regular review with a view towards appraising the adequacy, effectiveness and efficiency of such system within the Group and also to ensure that these systems are viable and robust.

Taking into account the assurance from the management team and input from the relevant assurance providers, the Board agrees with the view that the risk management and internal control system of the Group is satisfactory and adequate to safeguard shareholders' investment and the assets of the Group. The Group will continue to take measures to strengthen the risk management and internal control system of the Group.

RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management ("ERM") framework, which incorporates the principles and guidelines of ISO 31000 Risk Management. The framework determines the process and identifies tools for realising the Group's objectives aside from supporting and sustaining risk management throughout the organisation. It supports the Group's efforts to achieve the highest level of corporate governance, including the creation of value in the short and long term.

The framework is summarised in the diagram below, which sets out:

- Fundamentals and principles of risk management that are to be applied in all situations and throughout all levels of the organisation;
- Process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- Roles and responsibilities of each level of management in the Group; and
- Mechanisms, tools and techniques for managing risks in the Group.

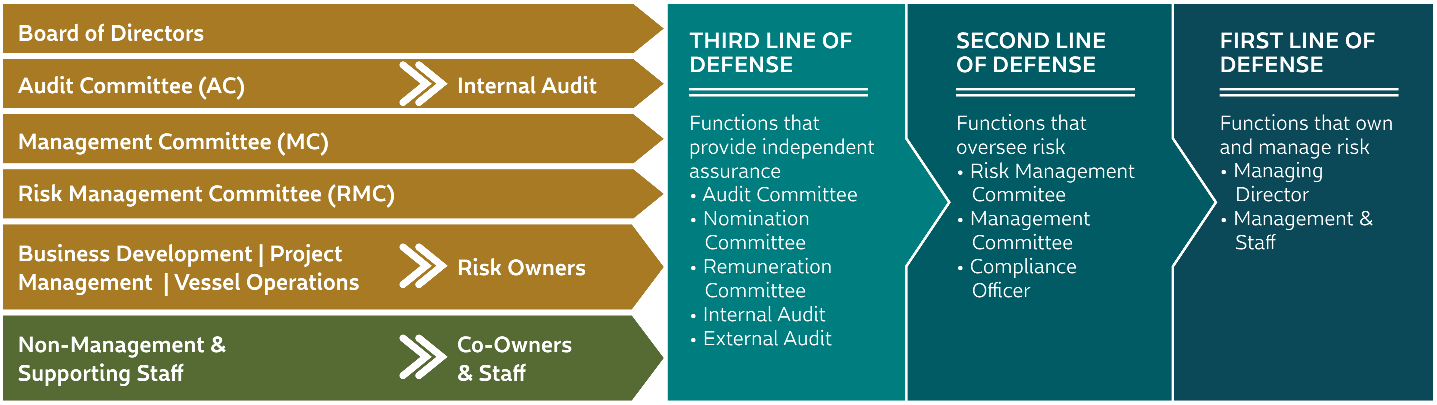
The Group recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, financial, compliance and operational level. The Group has two committees that have risk management and internal control oversight responsibilities, namely the Audit Committee ("AC") and Risk Management Committee ("RMC").

The AC assesses the quality and effectiveness of the system of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. The AC also evaluates the process the Group has in place for assessing and continuously improving internal controls.

The RMC is chaired by the Chief Operating Officer of the Group; and represented by senior management members from all functions of the Group. Apart from complying with the governance requirement, this Committee, which is cross-functional in nature, is formed to assist the Board in implementing the process for identifying, analysing, evaluating, monitoring and reporting of risks and internal control and to ensure proper management of risks to which the Group is exposed and to take appropriate and timely actions to manage such risks.

On an annual basis, the External Auditor ("EA") and the Internal Audit ("IA") function assist the AC in reviewing the effectiveness of risk management and internal controls and providing an independent view on specific risks and control issues, the state of internal controls, trends and events. The ERM risk reporting structure; risk management and internal controls are intertwined within the activities at strategic and operational level.

Every individual in the Group plays an integral role in the effective management of its risks. The risk management reporting structure adopted by the Group to assign responsibility for risk management and facilitate the process for assessing and communicating risk issues from transactional levels to the Board is summarised as follows:



The unambiguous identification of roles and responsibilities among these groups promotes excellent accountability so that there is neither gaps in control nor unnecessary duplication of coverage. This shall also improve the control owner's understanding of the boundaries of their responsibilities and how their position fit into the organisation's overall risk and control structure.

The Three Lines of Defense make a distinction amongst three (3) groups involved in effective risk management. Managing Director, management and staff are in charge of the first line defense. They are also responsible for implementing corrective actions to address process and control deficiencies.

The second line of defense serves a vital purpose as it ensures that the first line of defense is properly designed, in place, and operating as intended. As management functions, they may intervene directly in modifying and developing the internal control and risk systems.

On the third line of defense, the AC, Nomination Committee ("NC"), Remuneration Committee ("RC"), IA and EA have an important role in the Group's overall corporate governance, risk management and internal control structure. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second line of defense achieves risk management and control objectives.

The key success factors of the Group's risk management process are active contribution and communication at operational or strategic level. Group's risks are managed on an integrated basis and their evaluation is incorporated into the Group's decision-making process such as strategic planning and project feasibility studies. This will ensure the Group has reliable information and appropriate planning to handle the changing environment.

The Group identifies and implements a systematic approach in managing the significant risks. The Group ERM approach, which prioritises risks, accordingly, to their likelihood and impact will go through the following steps:

Department or Business Unit risk assessment:

The risk owner implements the identification and assessment of risk practice. The exercise also encompasses the Hazard Identification, Risk Assessment & Risk Control ("HIRAC"). On a quarterly basis, the risk owner updates the risk registry to the RMC. The owner establishes the risk level according to their respective financial or non-financial risk parameters.

Presentation to the RMC:

The RMC will facilitate the risk owner during the risk assessment and risk action planning. On a quarterly basis, the Chief Operating Officer will present to the RMC all the risk and its mitigation conduct from the department and business units. The RMC will review, do the rank and debate the risk ratings, control effectiveness, risk treatment options and risk action plans classified by risk owners.

Compilation of Group Risk Profile:

The Chief Operating Officer extracts all the ratified top risks as tabled in RMC as the Risk Profile according to the Group's financial or non-financial risk parameters.

Audit Committee of the Board of Directors Review:

A risk management report is submitted to the AC and to the Board on a quarterly basis. The AC anticipates an objective view on the Top Group Risks, requests and challenges risk information from the business and acts as change catalyst in risks and control areas in the Group.

Internal Audit Review:

The IA shall analyse the effectiveness of risk management and internal controls and prepare a liberated view on specific risks and control issues, the state of internal controls, trends and events.

In ensuring the Group accomplishes its objectives, makes the businesses endure and continues to increase value to the shareholders in the short, medium and long-term, the risk management process and approach is tailored to the Company's structure and its constantly changing environment to ensure that the Group can continuously monitor and review its risks and the effectiveness of its risk management over time. Continuous ERM phases shall be formed by the Group and according to the results of monitoring and reviews, decisions are made on how the risk management programme can be improved. These decisions should lead to bringing improvements in the Group's management of risks and its risk management culture.

In essence, the management of risks is considered as an interactive process. The creation of awareness among employees of different departments to take cognisance of risk on Group-wide basis arises as a benefit from effective risk management processes. Significantly, it will also enhance risk ownership across the Group.

Top Five Risks & Mitigating Plan

NO.	RISK	MITIGATING PLAN
1.	**FINANCIAL RISK** Potential loss due to EAT obligations to pay creditors as per agreed terms.	- Preparation of monthly cash flows for presentation to management and regular review of cash flow forecast. - Preparation and review of creditors and debtors aging. - Sourcing additional working capital financing from financial institutions.
2.	**CYBER SECURITY RISK** Cyber security risk onboard. These systems are to comply with international standards and Flag Administration requirements.	- Instructions were provided to the Ship Master in governance of the Shipboard Information Technology (IT) and Operation Technology (OT) system onboard the ship. - Establishment of Cyber Security measures (i.e. Cyber Security Risk Management) as a part of Shipboard Operation Manual.
3.	**COMMERCIAL RISK** Government regulations on Oil and Gas Industry & Dependent on the Oil & Gas Industry	- We constantly review our licenses to ensure that we meet the requirements. - We have our team to regularly inspect our vessels to ensure they complied with the laws and policies. - We have diversified to serve commercial ports such as Northport and is actively involved in bidding for other commercial ports.
4.	**HSSEQ RISK (ENVIRONMENT)** Non-compliance risk to environmental regulations	- The Company has "Waste Management Policy & Procedures" in place to safeguard the environment. - Our HSSEQ team has been actively checking and educating our operational personnel on the importance of adhering to all regulations relating to environment and safety.
5.	**HSSEQ RISK (SAFETY)** Lost Time Injury where HSSEQ will fully monitor the Shipboard Management and share the attached statistics to all fleet to show the KPI of Zero inquiry.	- Risk Assessment in SMS Manual under Risk Hazard Register under (SOM003.09). - Permit to Work Procedures in place. - Management visit.

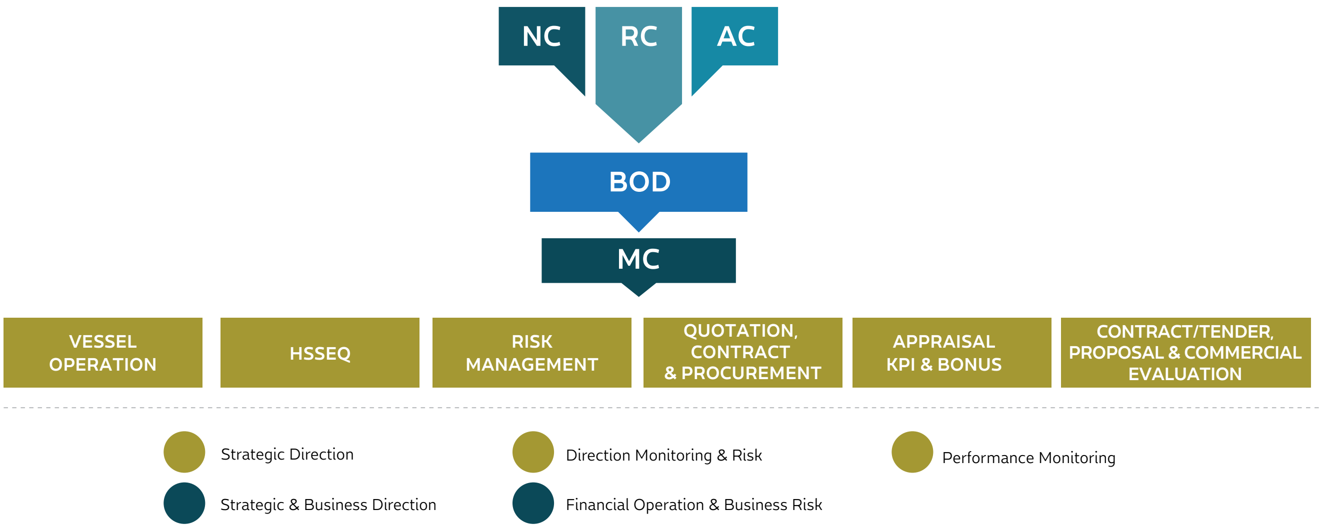
CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The process is the essential key to the Group's Internal Control and Risk Management process. The process is a management tool that is recognised and flexible in amassing information about business process risks, while the risk owners are authorised to undertake responsibility for operating those risks. Risk interpretation and assessment form a fundamental part of the annual strategic cycle. As part of the annual strategic review, the Board will consider and approves the Group's risk structure.

The Board has adopted a control framework to ensure the accomplishments of Group's established objectives while the Group's business operation are productively managed.

The key components of the Group's system of internal control are as follows:

Committee Structure



BOARD COMMITTEES

Name of Committee	Primary Function
Audit Committee (AC)	To assist the board in maintaining a sound system of internal control by ensuring the openness, integrity and accountability of the Group's activities so as to safeguard the rights and interest of the shareholders.
Nomination Committee (NC)	To oversee the selection and assessment of directors, by development, maintenance and review of the criteria to be used in the recruitment process and annual assessment of directors.
Remuneration Committee (RC)	Responsible for reviewing the remuneration policies; evaluating, deliberating and recommending to the Board compensation and benefits based on market norm and best industry practices.

Board and Management Committee

The Board and Management Committees are set up with the aim of realising the Group's vision, mission and strategies and objectives. The establishment of the committees is to promote corporate governance, transparency and accountability and in assisting the Board to implement and monitor the system of internal controls within the Group.

The areas assigned are supervised by the Committees based on their Terms of Reference ("TOR"), which were established carefully to ensure the alignment with Group's objectives, short-term and long-term strategic plans and avoid overlapping activities and gaps in governance coverage.

NAME OF COMMITTEE	PRIMARY FUNCTION
Management Committee ("MC")	To deal with the day-to-day activities of E.A. Technique ("EAT") business, implement business plans, policies & procedures and budgets that have been approved by the Board, monitor the operating and financial performance of EAT, develop talent and manage the risk profile of EAT.
Vessel Operation Committee ("VOC")	To deal with the vessels' performance namely, the charter contract, vessel operational status / position, vessel maintenance and crew manning to maintain its fleet standards, marine safety, efficiency and quality of service to the clients.
HSSEQ Committee	To assist the Company in discharging its statutory duties and responsibilities relating to safety practices, ensuring effectiveness of the Group risk management / legal control measures, the audit process for monitoring requirement of Emergency Response Team, Quality Assurance / Environmental / Occupational Safety Health, Chemical and Waste Management.
Risk Management Committee ("RMC")	To have overall responsibility for establishing a strategic approach to risk management across the organization and overseeing the risk management process within the Group. It ensures that the necessary processes are in place to achieve compliance with statutory requirements and to protect the stakeholders.
Quotation,Contract and Procurement Committee	To ensure purchases/projects are awarded to reliable suppliers/ contractors at the most competitive price and in accordance with the procurement and contract work procedure.
Appraisal, KPI and Bonus Committee	To develop standards and criteria for the evaluation of the employee of the Company, conduct appraisals and make corresponding proposals, develop and examine the remuneration policies and schemes for the employee. To ensure that the level of remuneration and compensation is adequate to attract, retain and motivate high quality employee to lead, manage and serve the Company in a competitive environment.
Contract/Tender,Proposal, and Commercial Evaluation Committee	To ensure that all tenders participated for potential contracts and projects with the existing and new clients are adequately reviewed and evaluated considering both risk and reward elements.

Organisation Structure

The Group has a well-defined organisation structure that is aligned to its business requirements and also to ensure that checks and balances exist throughout the Organisation. Clear reporting lines and authority limits, driven by delegated authority limits set by the Board, govern the Group's decision making and approval process.

The structure supports the Group's ability to ensure that qualified and experienced management personnel which head the Group's operating units are always available and in place to carry out their job functions.

At the Board level, all strategic, business and investment plans are approved and monitored by the Board. The Board is supported by three (3) Board committees, which provide focus and counsel in the areas of:

1. Audit Committee
2. Nomination Committee
3. Remuneration Committee

Certain Board responsibilities are delegated to the Board Committees through clearly defined Terms of Reference, which are reviewed from time to time. Further details of the Board Committees are contained in the Statement on Corporate Governance of this Annual Report.

Internal Audit

The Internal Audit function undertakes regular reviews of the Group's operations and the systems of internal control. Regular reviews are performed on the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls. Significant risks and non-compliance impacting the Group are highlighted and where applicable, recommendations are provided to improve on the effectiveness of risk management, internal control system and governance processes. Management follows through and reviews the status of actions on recommendations made by the internal auditors.

OTHER ELEMENTS OF INTERNAL CONTROL

Apart from the committees and parties mentioned in the Corporate Governance Statement, the Audit Committee Report and sections above, the other key elements of the procedures established by the Board that provides effective internal control include:

Delegation of Authority Limit

The Delegation of Authority Limit defines revenue and capital expenditure spending limits for each level of management within the Group. These limits cover authority for payments of expenditures either capital or operational expenses, media relation activities, adjustments of inventory and bad debts as well as credit administration.

Budget Approval

Budget is a vital control mechanism used by the Group to ensure an efficient allocation of the Group's resources and that the operational managers have sufficient guidance in making business decisions. Budgets are generated annually at divisions and subsidiaries.

The budget will then be presented for deliberation at an ad hoc internal committee meeting and subsequently will be tabled for approval and endorsement. Finally, the budget will be presented to the Board for final review and approval.

Procurement

A well-defined framework with appropriate empowerment and authority limits has been approved by the Board for procurement activities, acquisition and disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

Operating and Procedural Manuals

The Group has reference manuals covering vessel operations, procurement, financial operating system and financial policies and procedures. These will assist and guide employees on purchasing and contract awards, preparing of financial statements, observing the various internal control policies and procedures, as well as maintaining good management practices to ensure cost efficiencies, integrity of financial records and to safeguard the Group's assets. The Board believes that all these control measures will significantly enhance the internal control of the Group.

The major written Policy and Procedure Manuals include:

1. Vessel Operation Manual
2. Guidelines on the Financial Procedure
3. Handbook on Rules and Regulations for Employees
4. Code of Ethics

Regulatory Compliance

A clear, formalised and documented HSE regulation is in place to outline employees' roles and responsibility towards the prevention of accidents, the elimination of hazards and in ensuring a safe working environment. The Group adopts strict standards and controls to continuously improve the application and performance of the Safety Management System. A safe working environment is fundamental to the Group's success in its business operations.

The high standard of work is achieved by operating an integrated quality of Safety, Health and Environment Management System that meets the requirements of ISO 9001: 2008 (Quality Standards), the ISM Code for Safe Operation of Vessel and Pollution Prevention, BS OHSAS 18001:2007 and the ISO 14001: 2004 Environmental Standards.

Whistleblowing Policy

The Group acknowledges and emphasises the importance for all Directors and employees to embrace the highest standards of corporate governance practice and ethical standards.

The Group views any detrimental action taken against a whistleblower or any person related to or associated with the whistleblower in reprisal for a disclosure of improper conduct seriously and will treat such action as gross misconduct.

This Policy aims to:

- Encourage stakeholders to feel confident in raising serious concerns and to question and act upon concerns;
- Provide avenues to raise those concerns and receive feedback on any action taken;
- Ensure that whistleblower receives a response and is aware of how to pursue further action if they are not satisfied; and
- Provide assurance that whistleblower will be protected from possible retaliations.

Code of Ethics

The Board has formalised a Code of Ethics ("Code"). This Code is aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, set forth basic standards of ethical behaviour within the Group.

Among others, the Code also requires the employees to ensure the following:

- Maintaining full and accurate Company records;
- All assets and property of the Company will be used only for the benefit of the Company;
- Always deal with customers and suppliers based on merit and fairness;
- Engage competitors in a fair manner and not to engage in any unfair or illegal practice in order to gain an unfair advantage;
- Always act to ensure a workplace environment that is free from harassment and discrimination; and
- Deal with all team members with respect, courtesy and fairness.

All employees are required to adhere to the Group's Code of Ethics and consistently reminded on the Ethics and Professionalism behavior during monthly management committee meeting.

Assurance from Management

For the financial year under review based on inquiry, information and assurances provided by the Managing Director and Chief Financial Officer, the Board is satisfied that the system of internal control was generally satisfactory. Measures are in place and continually being taken to ensure the ongoing adequacy and effectiveness of internal controls to safeguard the Group's assets and hence shareholders' investment.

Review of This Statement by External Auditor

The External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2018 and reported that nothing has come to their attention that would cause them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board reviewing the adequacy and integrity of the Group's systems of internal control and risk management.

CONCLUSION

The Board is at opinion that the system of internal controls in place throughout the Group is sufficient to safeguard the Group's interests. All internal control weaknesses identified during the period under review have been or are being addressed. There were no major internal control weaknesses that require disclosure in this Annual Report.

The Board will secure that the review of the internal control system of the Group be carried out continuously to safeguard ongoing adequacy and effectiveness of the system of internal controls and risk management practices to meet the changing and challenging operating environment.

Therefore the Board is pleased to affirm that the state of internal controls of the Group is adequate, appropriate and effective and in line with the Malaysian Code of Corporate Governance and the Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

AUDIT COMMITTEE REPORT

THIS REPORT PROVIDES AN INSIGHT INTO THE ACTIVITIES OF THE AUDIT COMMITTEE (AC) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND HOW THE AC PLAYS OVERSIGHT ROLES FOR THE BOARD.

Datuk Mohd Nasir Ali
Chairman/Independent
Non-Executive Director

Abdul Azmin Abdul Halim
Member/Independent
Non-Executive Director

Aziah Ahmad
Member/Non-Independent
Non-Executive Director

COMPOSITION

The AC is chaired by Datuk Mohd Nasir Ali who is an independent Non-Executive Director. The AC also consists of two (2) other members who are Abdul Azmin Abdul Halim and Aziah Ahmad whereby Aziah Ahmad is a qualified accountant and member of the Malaysian Institute of Accountants (MIA).

MEETING AND ATTENDANCE

The AC meetings are scheduled once every quarter with additional meetings convened as and when necessary. A total of four (4) meetings were held during financial year ended 31 December 2018. The attendance record of the members of the Audit Committee during the financial year ended 31 December 2018 are set out below:

Name	Designation	12th Feb 2018	11th May 2018	10th August 2018	12th November 2018	% Based on Meeting Attended
Datuk Anuar Ahmad*	Chairman	√	√	√	n/a	100 (3/3)
Datuk Mohd Nasir Ali*	Chairman	n/a	n/a	n/a	√	100 (1/1)
Abdul Azmin Abdul Halim	Member	√	√	√	√	100 (4/4)
Aziah Ahmad	Member	√	√	√	√	100 (4/4)

**During the financial year ended 31 December 2018, Datuk Anuar Ahmad resigned from Chairman of the Audit Committee on 1 October 2018. Subsequently, Datuk Nasir Ali was appointed as member and Chairman of Audit Committee on 1 October 2018. There was only one (1) Audit Committee meeting held since his appointment.*

The meetings of the Committee shall normally be attended by the Head of Internal Audit and the Management of the Company shall be represented by the Managing Director and the Chief Financial Officer, or their nominated person(s), at the invitation of the Committee and shall excuse themselves from the meeting when so directed by the Committee.

The Group's external auditor, internal auditors and certain members of management also attended the meetings at the invitation of the Chairman of the AC. The AC met external auditors at separate sessions without the presence of management.

TERMS OF REFERENCE

The authority, duties and responsibilities of the AC are set out in its Terms of Reference which is available on E.A. Technique's corporate website at www.eatechnique.com.my.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, the Audit Committee in the discharge of its duties and functions had undertook the following activities:

Scope of Responsibilities	Activities
Financial	• Review of the Company's compliance, in particular the quarterly and year-end financial statements with the Main Market Listing Requirements of Bursa Malaysia and the applicable approved accounting standard issued by the Malaysian Accounting Standard Board.
	• Review of the quarterly unaudited financial results announcements before recommending them for the Board of Directors' approval.
Internal Control	• Review of the Group risks and challenge risk information and review of management's mitigation strategy.
Internal Audit	• Review and approved the Annual Internal Audit Plan for the year 2019.
	• Review of the Internal Audit activities related to management and operations, capacity, internal audit framework and the analytical process and reporting procedures.
	• Review of the audit reports presented by the Internal Auditors and management's responses there to and reviewing Management's assurance that significant finding are adequately addressed.
	• Reviewed and approved the Audit Committee Report for inclusion in the Annual Report for FY 2017.
External Auditor	• Review of the external auditors' audit observations, the audit report and recommendations in respect of control weaknesses noted in the course of their audit.
	• Review of the audited financial statements for the financial year ended 31 December 2018 before recommending the same to the Board of Directors for approval.
Compliance	• Review of the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Main Market Listing Requirements.
	• Review of related party transactions entered into by the Group.
Reporting	• Report to the Board about committee activities, issue and related recommendations.

Internal Audit Function & Summary of Work

The Group's internal audit function is outsourced to Internal Audit of Kulim (Malaysia) Berhad ("KMB"). The Internal Audit Department ("IAD") of KMB is led by a Certified Internal Auditor ("CIA").

Effective August 2018, E.A. Technique established its own Internal Audit Department. The IAD reports directly to the Audit Committee and administratively to the Managing Director. The IA function is guided by its Internal Audit Charter. The IAD assists the Board in fulfilling its fiduciary responsibilities over the areas of financial, operational, information system, investigation, risk management and governance process in accordance with the approved Risk Based Annual Audit Plan.

On quarterly basis, the IAD provides the Audit Committee with independent and objective reports on the state of internal control, highlighting and areas for improvement and updates on the extent to which the recommendations have been implemented. The Management is responsible to ensure that corrective action on reported weaknesses as recommended are taken within the required time frame to ensure that all potential weaknesses in system and risks under reviewed area are mitigated or remain within acceptable level risks.

The activities carried out by Internal Audit included amongst others, the review of the adequacy and effectiveness of the system of internal controls, compliance with established policies and procedures, laws and regulations, governance process, reliability and integrity of information and the measure of safeguarding asset.

The total costs incurred for the Group's Internal Audit function for the financial year ended 31 December 2018 amounted to RM134,206 as compared to RM105,000 in 2017. Two (2) planned activities in 2018 were performed by Internal Audit team from KMB and remaining by IAD.

The IAD implements risk-based annual audit plan. During the year under review, IAD team performed the audit work as per the 2018 Annual Audit Plan approved by AC as follows:

- Audit Review of Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control
- Audit Review of Cash Management
- Internal Control Review on Payroll Function
- Internal Control Review on Contract Management

The resulting reports from the audits were reviewed by the AC and forwarded to the management of the relevant departments/ business units for the necessary corrective actions. The management of the relevant departments/business unit is responsible in ensuring that corrective actions are taken within the stipulated time frame and all outstanding/open items are reported to the AC.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

The Company did not have a utilisation of proceeds from public issue during the financial year ended 31 December 2018.

SHARE BUY-BACK

The Company did not have a share buy-back programme in place during the financial year ended 31 December 2018.

OPTIONS OR CONVENTIBLE SECURITIES

The Company did not issues any options or convertible securities during the financial year ended 31 December 2018.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 december 2018

SANCTIONS AND/OR PENALTIES

There was no material sanction and penalty during the financial year ended 31 December 2018.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2018.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There was no material contract entered by the company and/or its subsideries involving the interest of Directors and/ or major shareholders, either subsisting at the end of the financial year ended 31 December 2018.

RECURRENT RELATED PARTY TRANSACTIONS

Except as disclosed, there was no recurrent related party transaction entered by Group for the financial year ended 31 December 2018.

FINANCIAL STATEMENT

FEATURES

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	74,232,702	72,522,506

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements.

DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Kamaruzzaman bin Abu Kassim
Ahamad bin Mohamad
Dato' Ir. Abdul Hak bin Md Amin*
Datuk Mohd Nasir bin Ali
Rozan bin Mohd Sa'at
Abdul Azmin bin Abdul Halim
Aziah binti Ahmad
Datuk Anuar bin Ahmad (Resigned on 1 October 2018)

* Directors of the Company and its subsidiaries.

DIRECTORS (CONT'D.)

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding a director who is already listed above are:

Zulkifli bin Mohd Amin	
New Kok Ho	
Azli bin Mohamed	
Methal bin Ahmad	(Appointed on 15 January 2019)
Abdul Rahim bin Omar	(Appointed on 15 January 2019)
Haikal bin Ismail	(Appointed on 15 January 2019)
Idham Jihadi bin Abu Bakar	(Resigned on 15 January 2019)
Johari Shukri bin Jamil	(Appointed on 16 January 2018, resigned on 26 December 2018)
Rozaini bin Mohd Sani	(Resigned on 16 January 2018)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 18 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the Director or officer of the Group and of the Company.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Dato' Kamaruzzaman bin Abu Kassim				
- Direct	120,000	-	-	120,000
Ahamad bin Mohamad				
- Direct	500,000	-	-	500,000
Dato' Ir. Abdul Hak bin Md Amin				
- Direct	84,550,000	-	-	84,550,000
- Indirect	26,206,200	-	(199,500)	26,006,700
Datuk Anuar bin Ahmad				
- Direct	327,500	-	-	327,500
Datuk Mohd Nasir bin Ali				
- Direct	327,500	-	-	327,500
Rozan bin Mohd Sa'at				
- Direct	327,500	-	-	327,500
Abdul Azmin bin Abdul Halim				
- Direct	50,000	-	-	50,000

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Direct interest in a related company, KPJ Healthcare Berhad				
Dato' Kamaruzzaman bin Abu Kassim	254,500	-	-	254,500
Ahamad bin Mohamad	524,500	-	(524,500)	-
Rozan bin Mohd Sa'at	3,000	-	-	3,000

	Number of warrants			
	As at 1.1.2018	Granted	Exercised	As at 31.12.2018
Warrants held in a related company, KPJ Healthcare Berhad				
Dato' Kamaruzzaman bin Abu Kassim	223,000	223,100	-	446,100

Aziah binti Ahmad did not hold any interest in shares and warrants in the Company or its related corporations during and at the end of the financial year.

HOLDING COMPANIES

The details of the holding companies of the Group and of the Company are disclosed in Note 1 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were prepared, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and

    (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

    (i) that would render the amount written off for bad debts inadequate or to make any provision for doubtful debts necessary in respect of the financial statements of the Group and of the Company;

    (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

    (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(d) At the date of this report, there does not exist:

    (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

    (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(e) In the opinion of the Directors:

    (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of Group or of the company to meet their obligations when they fall due ; and

    (ii) there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of the significant and subsequent events are disclosed in Note 27 to the financial stataments.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young	298,430	197,950

AUDITORS' INDEMNITY

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been paid to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 February 2019.

Dato' Kamaruzzaman bin Abu Kassim

Dato' Ir. Abdul Hak bin Md Amin

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Kamaruzzaman bin Abu Kassim and Dato' Ir. Abdul Hak bin Md Amin, being two of the directors of E.A. Technique (M) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 130 to 224 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 February 2019.

Dato' Kamaruzzaman bin Abu Kassim

Dato' Ir. Abdul Hak bin Md Amin

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Azli bin Mohamed, being the officer primarily responsible for the financial management of E.A. Technique (M) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 130 to 224 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Azli bin Mohamed
at Kuala Lumpur in the Federal Territory
on 27 February 2019

Azli bin Mohamed
MIA 18588

Before me,

PESURUHJAYA SUMPAH
W 711
SYED KHAIRIL ANUAR
B. SYED ZAINUDIN
MALAYSIA

43A-1-11, JALAN 1/48A
SENTUL PERDANA
BANDAR BARU SENTUL
51000 KUALA LUMPUR
+6018 357 3015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF E.A. TECHNIQUE (M) BERHAD (INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of E.A. Technique (M) Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 130 to 224.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and of their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (cont'd.)

Impairment of marine operating vessels
(Refer to Notes 2.6, 2.8, 3 and 4 to the financial statements)

As at 31 December 2018, the carrying amounts of the Group's and of the Company's marine operating vessels of RM786.1 million and RM812.1 million represent approximately 91% and 92% of the Group's and of the Company's total assets, respectively.

The Group and the Company are required to assess at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the Group and the Company shall estimate the recoverable amount of the asset, which is the higher of fair value less cost to sell or value-in-use.

As at 31 December 2018, the carrying amount of the Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the carrying amounts of the Group's marine operating vessels.

In addition, the Group and the Company identified reduction in charter-hire rates, operating losses, amongst others, as indications that the carrying amounts of some of their marine operating vessels may be impaired.

The Group and the Company had engaged an independent firm of valuers to determine the fair value of these assets. Accordingly, the Group and the Company recognised an impairment loss of RM2.1 million for the financial year ended 31 December 2018.

We identified impairment of marine operating vessels as an area of audit focus as it involves significant management's judgement and estimates.

To address this area of audit focus:

- We evaluated the independent valuers' competency, capabilities and objectivity;

- We assessed the reasonableness of the vessels data and methodologies used by the independent valuers under comparison method, by benchmarking against available market information; and

- We checked, on a sample basis, the accuracy and relevance of the input data provided by management to the independent valuers.

Information other than the financial statements and auditors' report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2018 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

Information other than the financial statements and auditors' report (cont'd.)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Tan Shium Jye
No. 02991/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 February 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**794,646,463**	807,581,600
Intangible asset	6	**-**	-
Trade and other receivables	7	**1,313,407**	2,105,585
		795,959,870	809,687,185
Current assets			
Inventories		**287,263**	-
Trade and other receivables	7	**46,177,301**	64,391,833
Tax recoverable		**2,497,983**	5,837,163
Short term deposits	8	**702,331**	647,094
Cash and bank balances	8	**13,776,234**	20,028,425
		63,441,112	90,904,515
Total assets		**859,400,982**	900,591,700
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	9	**169,100,000**	169,100,000
Retained earnings/(accumulated losses)	9	**57,785,313**	(16,447,389)
Total equity		**226,885,313**	152,652,611
Non-current liabilities			
Loans and borrowings	10	**261,829,513**	293,922,352
Deferred tax liabilities	11	**18,377,866**	2,168,385
		280,207,379	296,090,737
Current liabilities			
Trade and other payables	12	**213,715,265**	197,022,307
Contract liabilities	13	**-**	131,594,491
Loans and borrowings	10	**138,585,764**	121,289,772
Current tax liabilities		**7,261**	1,941,782
		352,308,290	451,848,352
Total liabilities		**632,515,669**	747,939,089
Total equity and liabilities		**859,400,982**	900,591,700

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**813,578,800**	823,721,333
Investment in subsidiaries	5	**7,500,000**	7,500,000
Trade and other receivables	7	**1,313,407**	2,105,585
		822,392,207	833,326,918
Current assets			
Inventories		**287,263**	-
Trade and other receivables	7	**45,784,129**	62,384,745
Tax recoverable		**2,018,751**	5,837,163
Cash and bank balances	8	**13,181,603**	19,912,020
		61,271,746	88,133,928
Total assets		**883,663,953**	921,460,846
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	9	**169,100,000**	169,100,000
Retained earnings/(accumulated losses)	9	**68,566,360**	(3,956,146)
Total equity		**237,666,360**	165,143,854
Non-current liabilities			
Loans and borrowings	10	**261,729,036**	293,719,667
Deferred tax liabilities	11	**18,064,024**	2,347,918
		279,793,060	296,067,585
Current liabilities			
Trade and other payables	12	**227,720,964**	206,227,246
Contract liabilities	13	**-**	131,594,491
Loans and borrowings	10	**138,483,569**	120,823,313
Tax payable		**-**	1,604,357
		366,204,533	460,249,407
Total liabilities		**645,997,593**	756,316,992
Total equity and liabilities		**883,663,953**	921,460,846

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	14	**418,999,965**	366,969,655
Cost of sales	15	**(283,171,023)**	(492,301,155)
Gross profit/(loss)		**135,828,942**	(125,331,500)
Other income		**4,674,698**	46,053,427
Administrative expenses		**(27,952,553)**	(31,931,595)
Results from operating activities		**112,551,087**	(111,209,668)
Finance income		**249,425**	508,300
Finance costs	16	**(22,439,076)**	(21,201,348)
Profit/(loss) before tax	17	**90,361,436**	(131,902,716)
Income tax (expense)/credit	19	**(16,128,734)**	10,754,015
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		**74,232,702**	(121,148,701)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**74,232,702**	(121,148,701)
Earnings/(loss) per share attributable to owners of the parent (sen)			
Basic	20	**14.73**	(24.04)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	14	**418,010,575**	365,681,017
Cost of sales	15	**(288,617,330)**	(498,459,634)
Gross profit/(loss)		**129,393,245**	(132,778,617)
Other income		**4,952,507**	44,656,625
Administrative expenses		**(23,905,469)**	(24,158,681)
Results from operating activities		**110,440,283**	(112,280,673)
Finance income		**214,185**	491,021
Finance costs	16	**(22,415,856)**	(21,154,401)
Profit/(loss) before tax	17	**88,238,612**	(132,944,053)
Income tax (expense)/credit	19	**(15,716,106)**	12,186,784
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		**72,522,506**	(120,757,269)
Earnings/(loss) per share attributable to owners of the parent (sen)			
Basic	20	**72,522,506**	(120,757,269)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<------ Non-distributable ------>		Distributable	
	Share capital RM (Note 9)	Share premium RM (Note 9)	retained earnings/ Non-distributable accumulated losses RM	Total RM
At 1 January 2017	126,000,000	43,100,000	104,701,312	273,801,312
Total comprehensive loss for the year	-	-	(121,148,701)	(121,148,701)
Transfer to share capital pursuant to Section 618(2) of the Companies Act 2016	43,100,000	(43,100,000)	-	-
At 31 December 2017 / 1 January 2018	169,100,000	-	(16,447,389)	152,652,611
Total comprehensive income for the year	-	-	74,232,702	74,232,702
At 31 December 2018	169,100,000	-	57,785,313	226,885,313

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<------ Non-distributable ------>		Distributable	
	Share capital RM (Note 9)	Share premium RM (Note 9)	retained earnings/ Non-distributable accumulated losses RM	Total RM
At 1 January 2017	126,000,000	43,100,000	116,801,123	285,901,123
Total comprehensive loss for the year	-	-	(120,757,269)	(120,757,269)
Transfer to share capital pursuant to Section 618(2) of the Companies Act 2016	43,100,000	(43,100,000)	-	-
At 31 December 2017 / 1 January 2018	169,100,000	-	(3,956,146)	165,143,854
Total comprehensive income for the year	-	-	72,522,506	72,522,506
At 31 December 2018	169,100,000	-	68,566,360	237,666,360

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM	2017 RM
Cash flows from operating activities		
Profit/(loss) before tax:	**90,361,436**	(131,902,716)
Adjustments for:		
Property, plant and equipment:		
Loss on disposal	**519,898**	-
Depreciation	**74,093,234**	59,617,352
Impairment loss	**2,128,036**	3,144,916
Amortisation of intangible asset	**-**	4,775,668
Finance costs	**22,439,076**	21,201,348
Finance income	**(249,425)**	(508,300)
Allowance for impairment losses on trade receivables	**-**	2,764,122
Reversal of impairment losses on trade receivables	**(20,000)**	(24,000)
Unrealised foreign exchange gain	**(1,625,115)**	(27,972,080)
Operating profit/(loss) before changes in working capital	**187,647,140**	(68,903,690)
Changes in working capital:		
Increase in inventories	**(287,262)**	-
Decrease in trade and other receivables	**18,999,946**	155,220,168
(Decrease)/increase in trade and other payables	**(98,507,272)**	168,504,220
Cash generated from operations	**107,852,552**	254,820,698
Interest received	**249,425**	965,406
Interest paid	**(19,215,591)**	(20,614,761)
Tax recovered/(paid)	**1,404,659**	(11,719,116)
Net cash generated from operating activities	**90,291,045**	223,452,227
Cash flows from investing activities		
Net redemption in short term deposits, fixed and security deposits pledged	**(822,700)**	192,089,638
Purchase of property, plant and equipment	**(65,471,477)**	(163,099,713)
Proceed from disposal of property, plant and equipment	**1,665,448**	-
Net cash (used in)/generated from investing activities	**(64,628,729)**	28,989,925

	Note	2018 RM	2017 RM
Cash flows from financing activities			
Proceeds from loan from shareholders		**35,250,000**	-
Repayment of conventional term loan		**(37,317,535)**	(36,653,026)
Repayment of Islamic term financing facilities		**(49,354,849)**	(316,402,067)
Drawdown from Islamic term financing facilities		**18,937,677**	98,416,610
Net repayment of finance lease		**(197,262)**	(203,074)
Net cash generated used in financing activities		**(32,681,969)**	(254,841,557)
Net decrease in cash and cash equivalents		**(7,019,653)**	(2,399,405)
Cash and cash equivalents at 1 January	(i)	**7,749,297**	10,148,702
Cash and cash equivalents at 31 December	(i)	**729,644**	7,749,297

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Note	2018 RM	2017 RM
Cash and bank balances	8	**6,637,510**	13,450,064
Fixed and security deposits with licensed banks	8	**7,138,724**	6,578,361
		13,776,234	20,028,425
Less: Bank overdrafts	10	**(5,907,866)**	(5,700,767)
		7,868,368	14,327,658
Less: Fixed and security deposits pledged	8	**(7,138,724)**	(6,578,361)
		729,644	7,749,297

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM	2017 RM
Cash flows from operating activities		
Profit/(loss) before tax:	**88,238,612**	(132,944,053)
Adjustments for:		
Property, plant and equipment:		
Loss on disposal	**512,135**	-
Depreciation	**75,146,714**	60,828,238
Impairment loss	**2,128,036**	3,144,916
Finance costs	**22,415,856**	21,154,401
Finance income	**(214,185)**	(491,021)
Allowance for impairment losses on trade receivables	**-**	2,764,122
Reversal of impairment losses on trade receivables	**(20,000)**	(24,000)
Unrealised foreign exchange gain	**(1,688,283)**	(27,334,681)
Operating profit/(loss) before changes in working capital	**186,518,885**	(72,902,078)
Changes in working capital:		
Increase in inventories	**(287,262)**	-
Decrease in trade and other receivables	**17,386,002**	160,083,013
(Decrease)/Increase in trade and other payables	**(93,412,389)**	172,491,468
Cash generated from operations	**110,205,236**	259,672,403
Interest received	**214,185**	965,406
Interest paid	**(19,192,372)**	(20,567,814)
Tax recovered/(paid)	**2,214,056**	(10,788,010)
Net cash generated from operating activities	**93,441,105**	229,281,985
Cash flows from investing activities		
Net redemption in short term deposits, fixed and security deposits pledged	**(1,079,135)**	192,166,917
Purchase of property, plant and equipment	**(69,287,759)**	(164,639,494)
Proceed from disposal of property, plant and equipment	**1,643,407**	-
Net cash (used in)/generated from investing activities	**(68,723,487)**	27,527,423

	Note	2018 RM	2017 RM
Cash flows from financing activities			
Proceeds from loan from shareholders		**35,250,000**	-
Repayment of conventional term loan		**(37,317,535)**	(36,653,026)
Repayment of Islamic term financing facilities		**(49,354,849)**	(316,497,067)
Drawdown from Islamic term financing facilities		**18,937,677**	98,416,610
Net repayment of finance lease		**(42,461)**	(48,667)
Net cash generated used in financing activities		**(32,527,168)**	(254,782,150)
Net (decrease)/increase in cash and cash equivalents		**(7,809,551)**	2,027,258
Cash and cash equivalents at 1 January	(i)	**7,944,564**	5,917,306
Cash and cash equivalents at 31 December	(i)	**135,013**	7,944,564

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Note	2018 RM	2017 RM
Cash and bank balances	8	**6,042,880**	13,333,659
Fixed and security deposits with licensed banks	8	**7,138,723**	6,578,361
		13,181,603	19,912,020
Less: Bank overdrafts	10	**(5,907,866)**	(5,389,095)
		7,273,737	14,522,925
Less: Fixed and security deposits pledged	8	**(7,138,723)**	(6,578,361)
		135,013	7,944,564

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

E.A. Technique (M) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor. The principal place of business of the Company is located at Setiawangsa Business Suites, Unit C-3A-3A, No. 2, Jalan Setiawangsa, 54200 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The immediate holding company is Sindora Berhad, a company incorporated in Malaysia.

The intermediate holding company is Kulim (Malaysia) Berhad, a company incorporated in Malaysia.

The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995).

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels.

The principal activities of its subsidiaries are disclosed in Note 5.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

These financial statements were authorised for issue by the Board of Directors on 27 February 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2018 as fully described in Note 2.2.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia ("RM").

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise judgement in the process of applying the Group's and Company's accounting policies, the areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (cont'd.)

As at 31 December 2018, the Group's and the Company's current liabilities exceeded their current assets by RM288,867,178 and RM304,932,787 respectively. This factor may indicate the existence of material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns, and therefore may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors are of the view that the going concern assumption used in the preparation of the financial statements of the Group and of the Company is still appropriate and there is no material uncertainty about the Group's and the Company's ability to continue as going concerns. The Group and the Company have profitable vessel charter hire operations as disclosed in Note 26 that generate positive operating cash flows and the Group and the Company have secured sufficient financing facilities from external financial institutions and from their intermediate holding company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of 1 January 2018, the Group and the Company adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Description

MFRS 9 Financial Instruments (2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 15 Revenue from Contracts with Customers:
  Clarifications to MFRS 15
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The nature and impact of the new and amended MFRS and interpretation are described below:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which the financial assets are managed. The new standard contains three classifications for financial assets measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income ("FVOCI") and eliminates the existing MFRS 139 categories of loans and receivables, held to maturity, and available-for-sale.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances are measured on either 12-month ECLs or lifetime ECLs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 9 Financial Instruments (cont'd.)

As permitted by the transitional provision of MFRS 9, the Group and the Company elected not to restate comparative information for prior periods with respect to classification and measurement and impairment requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139.

The adoption of MFRS 9 did not have any material impact to the financial statements of the Group and of the Company. However, it has resulted in additional comprehensive disclosure requirements, which can be found throughout the notes to the financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the requirements of MFRS 111 Construction Contracts , MFRS 118 Revenue , IC Interpretation 13 Customer Loyalty Programmes , IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

As permitted by the transitional provision of MFRS 15, the Group and the Company elected not to restate comparative information for prior periods. Any significant adjustments relating to prior years resulting from the adoption of MFRS 15 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 15, but rather those of MFRS 111, MFRS 118 and the related interpretations.

The adoption of MFRS 15 did not have any material impact to the financial statements of the Group and of the Company other than reclassification of amount due to customer contract to contract liabilities and additional disclosure requirements, which can be found throughout the notes to the financial statements.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 16 : Leases	1 January 2019
Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 'Financial Instrument – Prepayment Features	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle: Amendments to MFRS 3 'Business Combination', MFRS 11 'Joint Arrangements', MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'	1 January 2019
Amendments to MFRS 119 'Employee Benefits – Plan Amendment, Curtailment or Settlement'	1 January 2019
Amendments to MFRS 2 'Share-Based Payments'	1 January 2020
Amendments to MFRS 3 'Business Combinations – Definition of a Business'	1 January 2020
Amendments to MFRS 101 'Presentation of Financial Statements'	1 January 2020
MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material'	1 January 2020
Amendments to MFRS 134 'Interim Financial Reporting'	1 January 2020
Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'	1 January 2020
Amendments to MFRS 138 'Intangible Assets'	1 January 2020
Amendments to IC Interpretation 19 'Extinguishing Financial Liabilties with Equity Instruments'	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16 Leases

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like earning before interest, tax, depreciation and amortization ("EBITDA") will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective (cont'd.)

MFRS 16 Leases (cont'd.)

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

During the financial year ended 31 December 2018, the Group and the Company performed a detailed impact assessment of the aspects of MFRS 16. The assessment is based on present day available information and may subject to changes arisng from further reasonable and supportable information being made available to the Group and the Company in the financial year ending 31 December 2019 when the Group and the Company adopt MFRS 16.

Based on the analysis of the Group's and of the Company's leases as at 31 December 2018 on the basis of facts and circumstances that exist at that date, the Directors of the Company do not expect the initial application of MFRS 16 will have any material impact on its financial statements.

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments will have no impact to the Group's and the Company's financial statements.

IC Interpretation 23 Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferrred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will have no impact to the Group's and the Company's financial statements.

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 9 allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will have no impact to the Group's and the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective (cont'd.)

Annual Improvements to MFRSs 2015 – 2017 Cycle:

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The annual improvement to MFRSs will have no impact to the Group's and the Company's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary is consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses and each component of other comprehensive loss within a subsidiary are attributed to the parent and non-controlling interests, even if that results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owner of the Company.

When the Group loses control of a subsidiary, gain or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Business combinations and goodwill (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity will not be remeasured. Subsequent settlement is accounted for within equity.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Foreign currencies (cont'd.)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Vessels	6 - 25 years
- Dry-docking	1 - 5 years
- Buildings	50 years
- Motor vehicles	5 years
- Forklifts	5 years
- Renovation	5 years
- Furniture, fittings and office equipment	3 - 10 years

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Residual value of the vessels is estimated by management as equivalent to the light weight tonnage of the vessels times the estimated long term price of steel per tonne.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Property, plant and equipment (cont'd.)

Dry-docking costs which enhance the useful lives of the vessels are capitalised in the year they are incurred and amortised over 1 to 5 years until the next dry-docking.

Vessel under construction and shipyard under construction are not depreciated until the assets are ready for their intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows Cash-Generating Units ("CGU").

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount not exceeding the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments

MFRS 9 replaces the provisions of MFRS 139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of MFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Group and the Company have elected to apply the limited exemption in MFRS 9 relating to transition for classification and measurement and impairment, and accordingly have not restated comparative periods in the year of initial application. As a consequence:

(i) any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings;

(ii) financial assets are not reclassified in the statement of financial position for the comparative period; and

(iii) provisions for impairment have not been restated in the comparative period.

Financial assets - classification and measurement

Accounting policies applied from 1 January 2018

(i) Classification

From 1 January 2018, the Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Financial assets - classification and measurement (cont'd.)

Accounting policies applied from 1 January 2018 (con't.d)

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify and measure its debt instruments as follows:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(b) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

(c) Fair value through statement of profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Financial assets - classification and measurement (cont'd.)

Accounting policies applied until 31 December 2017

(i) Classification

Until 31 December 2017, the Group and the Company classified its financial assets in the category of loans and receivables.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's and the Company's loans and receivables comprise trade and other receivables, cash and bank balances, amounts due from subsidiaries, holding company and related companies in the statement of financial position.

(ii) Subsequent measurement

Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Impairment of financial assets

Accounting policies applied from 1 January 2018

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Impairment for debt instruments

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have four types of financial instruments that are subject to the ECL model:

- Trade receivables
- Accrued receivables
- Other receivables
- Inter-company receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

Accounting policies applied from 1 January 2018 (cont'd.)

(i) Impairment for debt instruments (cont'd.)

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for other receivables and inter-company balances

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables and accrued receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and accrued receivables.

Accounting policies applied until 31 December 2017

In the prior year, the Group and the Company assessed impairment of financial assets based on the incurred loss model.

(i) Impairment of financial assets

Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

Accounting policies applied until 31 December 2017 (cont'd.)

(i) Impairment of financial assets (cont'd.)

Assets carried at amortised cost (cont'd.)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If loans and receivables has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Accounting policies applied from 1 January 2018

(ii) Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

Accounting policies applied from 1 January 2018 (cont'd.)

(iii) Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired when it meets one of the following criteria:

Quantitative criteria

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days or when they fall due.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(iv) Groupings of instruments for ECL measurement

Individual assessment

Trade receivables and accrued receivables which are in default or credit-impaired are assessed individually.

Other receivables and inter-company balances in the Group's and the Company's financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored individually.

(v) Write off

Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Accrued receivables, other receivables and inter-company balances

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables, amounts due to a subsidiary, immediate holding company, intermediate holding company, ultimate holding company and related company and loans and borrowings.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method.

For financial liabilities other than the derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Borrowings are classified as current liabilities unless the Group or the Company have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

From 1 January 2018, when borrowings measured at amortised cost are modified without resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with a licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Construction contracts

The Group and the Company provide various construction contract services, including engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels ("EPCIC").

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages (LAD) payment, variations in contract work, claims and incentives based on the expected value method.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group and the Company recognise revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Leases

(a) As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(b) As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.18 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Revenue

Prior to the adoption of MFRS 15, the Group's and the Company's revenue is recognised at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and of the Company's activities. With the adoption of MFRS 15 "Revenue from Contracts with Customers" in the current financial year, the Group's and the Company's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue (cont'd.)

The Group is in the business of owning ships and marine vessels and leasing them to third parties; and provision of procurement, construction, installation and commissioning services.

(a) Vessel charter hire income

Most vessel charter hire income is recognised on straight-line basis over the lease term determined at the inception of the lease.

Certain charter hire income is recognised when services are rendered and are computed at the contracted daily rate.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(b) Interest income and other income

Interest income is recognised as it accrues, using the effective interest method.

Other income is recognised when services are rendered to the customers and recognised on an accrual basis.

(c) Engineering, procurement, construction, installation and commissioning ("EPCIC") income

EPCIC income arises from provision of engineering, procurement, construction, installation and commissioning of a floating, storage and offloading ("FSO") vessel.

The contract includes multiple deliverables of services. If these services require significant integration and highly interrelated to each other, there is no distinct separate performance obligation hence no allocation of transaction price is required. However, if each of these services is simple, does not include an integrated service and could be performed by another party, it is then accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Income taxes (cont'd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Fair value measurement (cont'd.)

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Current versus non-current classification (cont'd.)

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments - the Company as lessor

The Company has entered into lease arrangements with related and third parties on its vessels. Where the Company has determined that it retains all the significant risks and rewards of ownership of these vessels, the vessels are recognised and classified as part of non-current assets of the Company.

(ii) Operating lease commitments - the Group as lessee

The Group has entered into commercial leases with third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of the assets and so accounts for them as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(i) Revenue recognition

Determining separate performance obligations

The Group and Company provide engineering, procurement, construction, installation and commissioning services. These services are sold either on their own in contracts with the customers or bundled together up to the delivery of a completed vessel to a customer. For each deliverable to be a separate performance obligation, it needs to be distinct. In order to be distinct, the good or service must be capable of being distinct such that the customer is able to benefit from the good or service on its own or with another readily available resources and the good or service is distinct from the context of the contract. Multiple or bundled goods or services that require significant integration or significant modification/customisation by another component in the bundled contract or highly interrelated to each other, has no separate performance obligation.

(a) Significant integration service

The Group and the Company determined that they provide a significant service of integrating a good or service with other goods or services in the EPCIC contract, the bundle of integrated goods or services represents a combined output or outputs. In other words, as the Group and of the Company provide a significant integrated service, the risk of transferring individual goods or services is inseparable from the bundle of integrated goods or services because a substantial part of the Group's and the Company's promise to the customer is to make sure the individual goods or services are incorporated into the combined output or outputs.

The Group and the Company provide an integrated (or contract management) service to manage and coordinate the various construction tasks and to assume the risks associated with the integration of those tasks. An integrated service provided by the Group and the Company often includes coordinating the activities performed by any subcontractors and making sure the quality of the work performed is in compliance with contract specifications and that the individual goods or services are appropriately integrated into the combined item that the customer has contracted to receive.

(b) Significant modification or customisation

MFRS 15 provides that the notion of inseparable risks is more clearly illustrated by assessing whether one good or service significantly modifies or customises another. This is because if a good or service modifies or customises another good or service in a contract, each good or service is being assembled together (as an input) to produce a combined output.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(b) Key sources of estimation uncertainty (cont'd.)

(i) Revenue recognition (cont'd.)

(c) Highly interdependent or highly interrelated

Promised goods or services are highly interdependent or highly interrelated if each of the promised goods or services is significantly affected by one or more of the other goods or services in the contract. The Group and the Company determined that there is a two-way dependency or transformative relationship between the promised goods or services under the EPCIC contract to determine whether the promises are highly interdependent or highly interrelated.

The Group and the Company, based on the relevant facts and circumstances, concluded that the services under the EPCIC contract form part as one performance obligation.

Input method of recognising revenue over time

Revenue is recognised when or as the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

The Group and the Company determined that control of the goods and services under the EPCIC contract is transferred over time as performance creates or enhances an asset (such as work in progress) that the customer controls as the asset is created or enhanced. Consequently, under MFRS 15, the Group and the Company would continue to recognise revenue from EPCIC over time.

(ii) Impairment review of vessels' carrying amount

The Group and the Company assess at each reporting date whether there is any indication that the asset may be impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider external and internal factors such as the current economic outlook, average utilisation rate as well as ability of the entity to secure long term contract. Where there is objective evidence of impairment, the amount of impairment loss is measured at the difference between the asset's carrying amount and the recoverable amount. The recoverable amount of an asset is a higher of the fair value less cost to sell and its value in use.

To determine fair value less cost to sell requires an estimation on price at which an orderly transaction to sell the asset would take place between market participants under current market condition. While to determine value in use requires estimation on the future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

The amount of impairment on vessels recognised is disclosed in Notes 4 and 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The total carrying value of recognised deferred tax assets of the Group and of the Company is disclosed in Note 11.

(iv) Depreciation of vessels and equipment on vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's and of the Company's vessels to be between 1 to 25 years depending on the type of vessels. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(v) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost										
At 1 January 2018	1,054,847,246	15,052,768	1,696,912	-	7,272,045	876,323	364,000	745,220	1,075,100	1,081,929,614
Additions	62,884,768	2,363,299	-	-	191,572	-	-	-	31,838	65,471,477
Disposals	(2,795,090)	-	-	-	-	-	-	(37,485)	(59,669)	(2,892,244)
Transfers	-	-	-	4,889,268	(5,162,268)	-	-	-	273,000	-
At 31 December 2018	1,114,936,924	17,416,067	1,696,912	4,889,268	2,301,349	876,323	364,000	707,735	1,320,269	1,144,508,847
Accumulated depreciation and impairment										
At 1 January 2018	271,335,711	-	365,327	-	-	772,881	254,798	628,399	990,898	274,348,014
Charge for the year (Note 17)	73,445,921	-	33,938	340,416	-	41,094	72,800	37,997	121,068	74,093,234
Impairment (Note 17)	-	2,128,036	-	-	-	-	-	-	-	2,128,036
Disposals	(639,545)	-	-	-	-	-	-	(21,242)	(46,113)	(706,900)
At 31 December 2018	344,142,087	2,128,036	399,265	340,416	-	813,975	327,598	645,154	1,065,853	349,862,384
Net carrying amount										
At 31 December 2018	770,794,837	15,288,031	1,297,647	4,548,852	2,301,349	62,348	36,402	62,581	254,416	794,646,463

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost										
At 1 January 2017	814,252,326	92,656,812	1,696,912	-	7,350,682	774,329	364,000	670,920	1,063,920	918,829,901
Additions/(reversal)	128,604,731	34,386,145	-	-	(78,637)	101,994	-	74,300	11,180	163,099,713
Transfers	111,990,189	(111,990,189)	-	-	-	-	-	-	-	-
At 31 December 2017	1,054,847,246	15,052,768	1,696,912	-	7,272,045	876,323	364,000	745,220	1,075,100	1,081,929,614
Accumulated depreciation and impairment										
At 1 January 2017	208,995,003	-	331,390	-	-	682,628	182,000	574,454	820,271	211,585,746
Charge for the year (Note 17)	59,195,792	-	33,937	-	-	90,253	72,789	53,945	170,627	59,617,352
Impairment (Note 17)	3,144,916	-	-	-	-	-	-	-	-	3,144,916
At 31 December 2017	271,335,711	-	365,327	-	-	772,881	254,798	628,399	990,898	274,348,014
Net carrying amount										
At 31 December 2017	783,511,535	15,052,768	1,331,585	-	7,272,045	103,442	109,202	116,821	84,202	807,581,600

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Vessels RM	Vessels under construction RM	Buildings RM	Motor Vehicles RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost							
At 1 January 2018	1,083,416,257	15,052,768	1,696,912	605,378	707,735	787,644	1,102,266,694
Additions	63,549,033	5,706,888	-	-	-	31,838	69,287,759
Disposal	(2,795,090)	-	-	-	-	-	(2,795,090)
At 31 December 2018	1,44,170,200	20,759,656	1,696,912	605,378	707,735	819,482	1,168,759,363
Accumulated depreciation and impairment							
At 1 January 2018	276,319,477	-	365,327	578,931	607,158	674,468	278,545,361
Charge for the year (Note 17)	75,007,237	-	33,938	21,845	37,997	45,697	75,146,714
Impairment (Note 17)	-	2,128,036	-	-	-	-	2,128,036
Disposal	(639,548)	-	-	-	-	-	(639,458)
At 31 December 2018	350,687,166	2,128,036	399,265	600,776	645,155	720,165	355,180,563
Net carrying amount							
At 31 December 2018	793,483,034	18,631,620	1,297,647	4,602	62,580	99,317	813,578,800

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company

	Vessels RM	Vessels under construction RM	Buildings RM	Motor Vehicles RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost							
At 1 January 2017	827,176,625	106,744,138	1,696,912	599,626	633,435	776,464	937,627,200
Additions	130,162,117	34,386,145	-	5,752	74,300	11,180	164,639,494
Transfers	126,077,515	(126,077,515)	-	-	-	-	-
At 31 December 2017	1,083,416,257	15,052,768	1,696,912	605,378	707,735	787,644	1,102,266,694
Accumulated depreciation and impairment							
At 1 January 2017	212,580,100	-	331,390	507,926	560,710	592,081	214,572,207
Charge for the year (Note 17)	60,594,461	-	33,937	71,005	46,448	82,387	60,828,238
Impairment (Note 17)	3,144,916	-	-	-	-	-	3,144,916
At 31 December 2017	276,319,477	-	365,327	578,931	607,158	674,468	278,545,361
Net carrying amount							
At 31 December 2018	807,096,780	15,052,768	1,331,585	26,447	100,577	113,176	823,721,333

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Security

Net carrying amount of assets pledged as security for islamic term financing, overdraft and term loan facilities are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Vessels	**770,794,837**	783,511,535	**793,483,034**	807,096,780
Vessels under construction	**15,288,031**	15,052,768	**18,631,620**	15,052,768
	786,082,868	798,564,303	**812,114,654**	822,149,548

(b) Assets held under finance lease

The net carrying amount of office equipment, motor vehicles, forklifts of the Group held under finance lease arrangements are RM203,347 (2017: RM368,949).

In the previous financial year, the net carrying amount of office equipment, motor vehicles, forklifts of the Company held under finance lease arrangements were RM19,947 (2018: RM Nil).

(c) Borrowing costs

In the previous financial year, included in vessels under construction of the Group and of the Company was interest capitalised of RM362,548 (2018: RM Nil).

(d) Impairment of vessels

In the current financial year, impairment loss of RM2,128,036 (2017: RM3,144,916) respectively represents the write-down of certain vessels to their recoverable amounts. The recoverable amounts are based on the higher of fair value less cost to sell and value in use and are determined at the level of the CGU. In determining the recoverable amounts of these vessels, the Group and the Company had engaged an independent firm of valuers to perform valuation on certain vessels. The independent valuers estimated the fair value of each vessel in reference to latest market transaction taking into consideration significant factors such as vessels' classification, age, year built and engine capacity.

5. INVESTMENT IN SUBSIDIARIES

	2018 RM	2017 RM
At cost		
Unquoted shares in Malaysia	**7,500,000**	7,500,000

5. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2018 %	2017 %
Johor Shipyard and Engineering Sdn. Bhd.	Malaysia	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy	**100**	100
Libra Perfex Precision Sdn. Bhd.	Malaysia	Hiring and chartering of marine vessels	**100**	100

6. INTANGIBLE ASSET

	2018 RM	2017 RM
Cost		
Beginning of year	**5,331,328**	5,331,328
Accumulated amortisation		
Beginning of year	**5,331,328**	555,660
Charge for the year (Note 17)	**-**	4,775,668
End of year	**5,331,328**	5,331,328
Net carrying amount		
End of year	**–**	–

The intangible asset relates to the fair value at the date of acquisition of time charter hire contract arising from acquisition of a subsidiary in prior year, and is amortised over the remaining charter period.

7. TRADE AND OTHER RECEIVABLES

Group	2018 RM	2017 RM
Trade		
Current		
Trade receivables [a]	**34,621,842**	61,060,290
Accrued revenue from charter hire	**7,392,033**	-
Less: Allowance for impairment	**(615,838)**	(635,838)
	41,398,037	60,424,452
Non-trade		
Non-current		
Other receivables	**1,313,407**	2,105,585
Current		
Other receivables	**2,868,486**	1,702,579
Deposits	**265,007**	756,274
Prepayments	**1,645,771**	1,508,528
	4,779,264	3,967,381
Total trade and other receivables		
- Non-current	**1,313,407**	2,105,585
- Current	**46,177,301**	64,391,833
Add: Cash and bank balances	**13,776,234**	20,675,519
Add: Short term deposit	**702,331**	647,094
Less: Prepayments	**(1,645,771)**	(1,508,528)
Total amortised costs financial assets	**60,323,502**	86,311,503

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

Company	2018 RM	2017 RM
Trade		
Current		
Trade receivables [a]	**27,360,801**	48,397,189
Accrued revenue from charter hire	**7,392,032**	-
Amount due from a subsidiary [b]		
- Trade	**3,275,139**	10,734,960
- Accrued revenue from charter hire	**3,779,523**	-
Less: Allowance for impairment	**(615,838)**	(635,838)
	41,191,657	58,496,311
Non-trade		
Non-current		
Other receivables	**1,313,407**	2,105,585
Current		
Other receivables	**2,586,795**	1,674,612
Deposits	**211,367**	705,294
Prepayments	**1,645,771**	1,508,528
Amount due from a subsidiary [b]	**148,539**	-
	4,592,472	3,888,434
Total trade and other receivables		
- Non-current	**1,313,407**	2,105,585
- Current	**45,784,129**	62,384,745
Add: Cash and bank balances	**13,181,603**	19,912,020
Less: Prepayments	**(1,645,771)**	(1,508,528)
Total amortised costs financial assets	**58,633,368**	82,893,822

(a) Trade receivables

The Group and the Company determine concentration of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. The Group's significant concentration of credit risks are in the form of three (2017: three) major customers which constitute approximately 73% (2017: 71%) of the total trade receivables. The Company's significant concentration of credit risks are in the form of two (2017: two) major customers which constitute approximately 66% (2017: 52%) of the total trade receivables. There are no other customers which represent more than 10% of the total balance of trade receivables.

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2018			
Not past due	**28,972,206**	**-**	**28,972,206**
Past due 30 - 59 days	**10,960,894**	**-**	**10,960,894**
Past due 60 - 90 days	**851,040**	**-**	**851,040**
Past due more than 90 days	**613,897**	**-**	**613,897**
	41,398,037	**-**	**41,398,037**
Credit impaired			
Past due more than 90 days	**615,838**	**(615,838)**	**-**
	42,013,875	**(615,838)**	**41,398,037**
2017			
Not past due	36,520,068	-	36,520,068
Past due 30 - 59 days	14,879,611	-	14,879,611
Past due 60 - 90 days	5,980,116	-	5,980,116
Past due more than 90 days	3,044,657	-	3,044,657
	60,424,452	-	60,424,452
Credit impaired			
Past due more than 90 days	635,838	(635,838)	-
	61,060,290	(635,838)	60,424,452

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Company			
2018			
Not past due	**30,895,106**	**-**	**30,895,106**
Past due 30 - 59 days	**8,852,685**	**-**	**8,852,685**
Past due 60 - 90 days	**851,040**	**-**	**851,040**
Past due more than 90 days	**592,826**	**-**	**592,826**
	41,191,657	**-**	**41,191,657**
Credit impaired			
Past due more than 90 days	**615,838**	**(615,838)**	**-**
	41,807,495	**(615,838)**	**41,191,657**
2017			
Not past due	40,420,312	-	40,420,312
Past due 30 - 59 days	12,234,684	-	12,234,684
Past due 60 - 90 days	5,434,816	-	5,434,816
Past due more than 90 days	406,499	-	406,499
	58,496,311	-	58,496,311
Credit impaired			
Past due more than 90 days	635,838	(635,838)	-
	59,132,149	(635,838)	58,496,311

The movements in the allowance for impairment in respect of trade receivables are shown as below:

	Group and Company Credit impaired RM
Balance as at 1 January 2017	28,450,289
Reversal of impairment loss (Note 17)	(24,000)
Increase in loss allowance during the year (Note 17)	2,764,122
Receivables written off	(30,554,573)
Balance as at 1 January 2018 as per MFRS 9	**635,838**
Reversal of impairment loss (Note 17)	**(20,000)**
Balance at 31 December 2018	**615,838**

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Amount due from a subsidiary

The trade portion of amount due from a subsidiary is subject to normal trade term while the non-trade portion of amount due from a subsidiary is unsecured, interest free and repayable on demand.

8. CASH AND BANK BALANCES

	2018 RM	2017 RM
Group		
Fixed and security deposits with licensed banks		
- less than 3 months	**7,138,724**	6,578,361
- more than 3 months	**702,331**	647,094
Cash and bank balances	**6,637,510**	13,450,064
	14,478,565	20,675,519
Company		
Fixed and security deposits with licensed banks	**7,138,723**	6,578,361
Cash and bank balances	**6,042,880**	13,333,659
	13,181,603	19,912,020

The deposits placed with licensed banks for the Group and the Company are all pledged for bank facilities.

Fixed and security deposits with licensed banks earn interest at 3% (2017: 3%) per annum and have maturity periods of 30 days (2017: 30 days).

9. SHARE CAPITAL, SHARE PREMIUM AND RETAINED EARNINGS

Share capital and share premium

	Number of ordinary shares	Amount		
	Total number of issued shares	**Issued and fully paid share capital RM**	**Share premium RM**	**Total issued share capital and share premium RM**
At 1 January 2017	504,000,000	126,000,000	43,100,000	169,100,000
Transfer of share premium	-	43,100,000	(43,100,000)	-
31 December 2017/ 1 January 2018/ 31 December 2018	**504,000,000**	**169,100,000**	**-**	**169,100,000**

Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2018 under single tier system.

10. LOANS AND BORROWINGS

	2018 RM	2017 RM
Group		
Current		
Secured		
Bank overdraft [a]	**5,907,866**	5,700,767
Islamic financing facilities[b]	**78,308,815**	63,293,865
Conventional financing facilities [b]	**32,873,705**	35,737,866
Revolving credit [b]	**14,329,131**	16,360,012
Finance lease [c]	**108,643**	197,262
Loans from shareholders [d]	**7,057,603**	-
	138,585,764	121,289,772
Non-current		
Secured		
Islamic financing facilities[b]	**99,436,099**	150,639,206
Conventional financing facilities [b]	**108,588,099**	143,074,028
Finance lease [c]	**100,477**	209,118
Loans from shareholders [d]	**53,704,838**	-
	261,829,513	293,922,352
Total loans and borrowings	**400,415,277**	415,212,124
Company		
Current		
Secured		
Bank overdraft [a]	**5,907,866**	5,389,095
Islamic financing facilities[b]	**78,308,815**	63,293,865
Conventional financing facilities [b]	**32,873,705**	35,737,866
Revolving credit [b]	**14,329,131**	16,360,012
Finance lease [c]	**6,448**	42,475
Loans from shareholders [d]	**7,057,603**	-
	138,483,569	120,823,313
Non-current		
Secured		
Islamic financing facilities[b]	**99,436,099**	150,639,206
Conventional financing facilities [b]	**108,588,099**	143,074,028
Finance lease [c]	**-**	6,433
Loans from shareholders [d]	**53,704,838**	-
	261,729,036	293,719,667
Total loans and borrowings	**400,212,605**	414,542,980

10. LOANS AND BORROWINGS (CONT'D.)

(a) Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 0.75% (2017: BLR + 0.75%) and is secured over vessels and vessels under construction (Note 4(a)).

(b) Islamic financing facilities, Islamic financing facility - EPCIC, conventional financing facilities, revolving credit and revolving credit - EPCIC

The Islamic financing facilities and conventional financing facilities have tenures of 1 to 6 years (2017: 1 to 7 years) which bear profit as at the reporting date at rates ranging from 4.83% to 6.85% (2017: 3.50% to 6.75%) per annum. Included in the Islamic financing facilities are two (2017: two) loans denominated in USD amounting to RM126,170,366 (2017: RM164,140,138).

Revolving credits are repayable on demand which bear interest rate as at the reporting date at rates ranging from 5.00% to 6.30% (2017: 5.20% to 6.30%). Included in revolving credits is a, revolving credit denominated in USD amounted to RM5,872,399 (2017: RM7,960,012).

Security

The Islamic financing facilities, Islamic financing facility - EPCIC, conventional financing facilities, revolving credit and revolving credit - EPCIC are secured by way of the following:

(i) Duly executed and enforceable Memorandum of Deposit and letter of set-off for the placement of fixed deposits totaling RM1,512,405 (2017: RM1,512,405) in form of Al Mudharabah General Investment Account (GIA) throughout the financing period respectively;

(ii) Assignment of the relevant insurance coverage over the vessels indicating the Bank as loss payee (beneficiary), namely:

(a) Hull and machinery
(b) Mortgage interest; and
(c) Protection and Indemnity Club (P&I) avcceptable to the Bank.

The amount to be covered by insurance shall not be less than the outstanding amount of the facilities.

(iii) Guarantee given by certain directors and shareholders of the Company;

(iv) Duly executed and enforceable Deed of Mortgage and Covenant over the vessels and vessels under construction to be financed by the Banks;

(v) Legal Assignment of the contract proceeds throughout the financing period to be duly acknowledged by Charterer; and

(vi) Sinking funds built up by deducting each progressive contract proceeds of the EPCIC channelled to the Designated Collection Account ("DCA").

10. LOANS AND BORROWINGS (CONT'D.)

(b) Islamic financing facilities, Islamic financing facility - EPCIC, conventional financing facilities, revolving credit and revolving credit - EPCIC (cont'd.)

Significant covenants

In connection with significant financing facilities, the Group and the Company have agreed on the following significant financial covenants with certain lenders:

(i) The Group's and the Company's total financing to tangible net worth ("Gearing ratio") will not exceed 3.0 times at all time as per the following formula:-

$$\frac{\text{Total Financing}}{\text{Tangible Networth + Subordination of Shareholders and Directors Advances}}$$

(ii) The Group's and the Company's debt to equity ratio will not exceed 10.0 times at all times.

(c) Finance lease commitments - as lessee

Finance lease liabilities are payable as follows:

	2018 RM	2017 RM
Group		
Minimum lease payments:		
Not later than 1 year	**117,800**	216,716
Later than 1 year, but not later than 2 years	**104,618**	117,684
Later than 2 years, but not later than 5 years	**-**	104,618
Total minimum lease payments	**222,418**	439,018
Less: Future finance charges	**(13,298)**	(32,638)
Present value of minimum lease payments	**209,120**	406,380
Present value of payments:		
Not later than 1 year	**108,643**	197,262
Later than 1 year, but not later than 2 years	**100,477**	108,645
Later than 2 years, but not later than 5 years	**-**	100,473
Present value of minimum lease payments	**209,120**	406,380
Less: Amount due within 12 months	**(108,643)**	(197,262)
Amount due after 12 months	**100,477**	209,118

10. LOANS AND BORROWINGS (CONT'D.)

(c) Finance lease commitments - as lessee (cont'd.)

	2018 RM	2017 RM
Company		
Minimum lease payments:		
Not later than 1 year	**6,606**	43,676
Later than 1 year, but not later than 2 years	**-**	6,490
Later than 2 years, but not later than 5 years	**-**	–
Total minimum lease payments	**6,606**	50,166
Less: Future finance charges	**(158)**	(1,258)
Present value of minimum lease payments	**6,448**	48,908
Present value of payments:		
Not later than 1 year	**6,448**	42,475
Later than 1 year, but not later than 2 years	**-**	6,433
Later than 2 years, but not later than 5 years	**-**	–
Present value of minimum lease payments	**6,448**	48,908
Less: Amount due within 12 months	**(6,448)**	(42,475)
Amount due after 12 months	**-**	6,433

The Group's and the Company's weighted average effective interest rate as at the reporting date of finance lease liabilities is 3.46% (2017: 3.56%) and 2.45% (2017: 2.43%) per annum respectively.

(d) Loans from shareholders

Loans from shareholders are unsecured and bear interest at 6.85% per annum.

10. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	1 January 2018 RM	Cash flows RM	Foreign exchange movement RM	Other RM	31 December 2018 RM
Group					
Current interest-bearing loans and borrowings (excluding items listed below)	121,092,510	(86,672,384)	-	104,056,996	138,477,122
Current obligations under finance lease liabilities	197,262	-	-	(88,620)	108,642
Non-current interest-bearing loans and borrowings (excluding items listed below)	293,713,234	54,187,677	(1,405,440)	(84,766,435)	261,729,036
Non-current obligations under finance lease liabilities	209,118	(197,262)	-	88,621	100,477
Total liabilities from financing activities	415,212,124	(32,681,969)	(1,405,440)	19,290,562	400,415,277

10. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd.)

	1 January 2018 RM	Cash flows RM	Foreign exchange movement RM	Other RM	31 December 2018 RM
Company					
Current interest-bearing loans and borrowings (excluding items listed below)	120,780,838	(86,672,384)	-	104,368,668	138,477,121
Current obligations under finance lease liabilities	42,475	(42,461)	-	6,433	6,448
Non-current interest-bearing loans and borrowings (excluding items listed below)	293,713,234	54,187,677	(1,405,440)	(84,766,435)	261,729,036
Non-current obligations under finance lease liabilities	6,433	-	-	(6,433)	-
Total liabilities from financing activities	414,542,980	(32,527,168)	(1,405,440)	19,602,233	400,212,605

10. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd.)

	1 January 2017 RM	Cash flows RM	Foreign exchange movement RM	New leases RM	Other RM	31 December 2017 RM
Group						
Current interest-bearing loans and borrowings (excluding items listed below)	384,475,323	(353,150,093)	-	-	89,767,280	121,092,510
Current obligations under finance lease liabilities	187,501	(203,074)	-	15,573	197,262	197,262
Non-current interest-bearing loans and borrowings (excluding items listed below)	301,160,397	-	(16,453,220)	98,416,610	(89,410,553)	293,713,234
Non-current obligations under finance lease liabilities	326,953	-	-	79,427	(197,262)	209,118
Total liabilities from financing activities	686,150,174	(353,353,167)	(16,453,220)	98,511,610	356,727	415,212,124

10. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd.)

	1 January 2017 RM	Cash flows RM	Foreign exchange movement RM	New leases RM	Other RM	31 December 2017 RM
Company						
Current interest-bearing loans and borrowings (excluding items listed below)	384,475,323	(353,150,093)	-	-	89,455,608	120,780,838
Current obligations under finance lease liabilities	48,669	(48,667)	-	-	42,473	42,475
Non-current interest-bearing loans and borrowings (excluding items listed below)	301,160,397	-	(16,453,220)	98,416,610	(89,410,553)	293,713,234
Non-current obligations under finance lease liabilities	48,906	-	-	-	(42,473)	6,433
Total liabilities from financing activities	685,733,295	(353,198,760)	(16,453,220)	98,416,610	45,055	414,542,980

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance lease liabilities to current due to the passage of time and the effect of accrued but not yet paid interest on interest bearing loans and borrowings. This column also reflects the reclassification of loans from shareholders to loans and borrowings which were classified as other payables in previous financial year. The Group and the Company classify interest paid within operating activities.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the following:

	2018 RM	2017 RM
Group		
Deferred tax assets	**53,929,774**	68,061,932
Deferred tax liabilities	**(72,307,640)**	(70,230,317)
	(18,377,866)	(2,168,385)
Company		
Deferred tax assets	**53,525,417**	67,869,931
Deferred tax liabilities	**(71,589,441)**	(70,217,849)
	(18,064,024)	(2,347,918)

The movements and components in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

	2018 RM	2017 RM
Group		
At 1 January	**(2,168,385)**	(9,422,204)
Recognised in profit or loss (Note 19)	**(16,209,481)**	7,253,819
At 31 December	**(18,377,866)**	(2,168,385)
Company		
At 1 January	**(2,347,918)**	(9,703,466)
Recognised in profit or loss (Note 19)	**(15,716,106)**	7,355,548
At 31 December	**(18,064,024)**	(2,347,918)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities of the Group during the financial years prior to offsetting are as follows: (cont'd.)

Group

Deferred tax assets:

	Provisions RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2018	**27,487,352**	**240,130**	**40,334,450**	**68,061,932**
Recognised in profit or loss (Note 19)	**(6,468,314)**	**91,379**	**(7,755,223)**	**(14,132,158)**
At 31 December 2018	**21,019,038**	**331,509**	**32,579,227**	**53,929,774**
At 1 January 2017	21,636,891	240,130	30,208,552	52,085,573
Recognised in profit or loss (Note 19)	5,850,461	-	10,125,898	15,976,359
At 31 December 2017	27,487,352	240,130	40,334,450	68,061,932

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2018	**(70,230,317)**
Recognised in profit or loss (Note 19)	**(2,077,323)**
At 31 December 2018	**(72,307,640)**
At 1 January 2017	(61,507,777)
Recognised in profit or loss (Note 19)	(8,722,540)
At 31 December 2017	(70,230,317)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities of the Company during the financial years prior to offsetting are as follows:

Company

Deferred tax assets:

	Provisions RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2018	**27,535,481**	**-**	**40,334,450**	**67,869,931**
Recognised in profit or loss (Note 19)	**(6,452,789)**	**-**	**(7,891,725)**	**(14,344,514)**
At 31 December 2018	**21,082,692**	**-**	**32,442,725**	**53,525,417**
At 1 January 2017	21,570,020	-	30,208,552	51,778,572
Recognised in profit or loss (Note 19)	5,965,461	-	10,125,898	16,091,359
At 31 December 2017	27,535,481	-	40,334,450	67,869,931

Deferred tax liabilities:

	Property, plant and equipment RM
At 1 January 2018	**(70,217,849)**
Recognised in profit or loss (Note 19)	**(1,371,592)**
At 31 December 2018	**(71,589,441)**
At 1 January 2017	(61,482,038)
Recognised in profit or loss (Note 19)	(8,735,811)
At 31 December 2017	(70,217,849)

12. TRADE AND OTHER PAYABLES

	2018 RM	2017 RM
Group		
Trade		
Trade payables [(a)]	**85,373,094**	153,358,061
Trade accruals [(a)]	**110,235,942**	-
Freight income received in advance	**2,326,737**	7,193,622
Provisions	**1,709,563**	-
	199,645,336	160,551,683
Non-trade		
Amount due to		
- ultimate holding company [(b)]	**586,910**	431,407
- intermediate holding company [(b)]	**325,133**	154,542
- immediate holding company [(b)]	**702,716**	16,178,804
- related company [(b)]	**14,946**	-
Amount due to other shareholders [(b)]	**-**	6,825,468
Other payables and accrued expenses	**6,842,039**	12,737,429
Provisions	**5,598,185**	142,974
	14,069,929	36,470,624
Total trade and other payables	**213,715,265**	197,022,307
Add: Loans and borrowings	**400,415,277**	415,212,124
Less: Freight income received in advance	**(2,326,737)**	(7,193,622)
Less: Provisions	**(7,307,748)**	(142,974)
Total financial liabilities carried at amortised cost	**604,496,057**	604,897,835

12. TRADE AND OTHER PAYABLES (CONT'D.)

	2018 RM	2017 RM
Company		
Trade		
Trade payables [a]	**80,480,703**	139,711,245
Trade accruals [a]	**110,235,942**	-
Amount due to a subsidiary [b]	**18,584,855**	24,519,270
Freight income received in advance	**2,326,737**	7,193,622
Provisions	**1,709,563**	-
	213,337,800	171,424,137

	2018 RM	2017 RM
Company		
Non-trade		
Amount due to		
- ultimate holding company [b]	**586,910**	431,407
- intermediate holding company [b]	**325,133**	154,542
- immediate holding company [b]	**702,716**	16,178,804
- related company [b]	**14,946**	-
- subsidiary [b]	**1,694,698**	-
Amount due to other shareholders [b]	**-**	6,825,468
Other payables and accrued expenses	**6,969,587**	11,069,914
Provisions	**4,089,174**	142,974
	14,383,164	34,803,109
Total trade and other payables	**227,720,964**	206,227,246
Add: Loans and borrowings	**400,212,605**	414,542,980
Less: Freight income received in advance	**(2,326,737)**	(7,193,622)
Less: Provisions	**(5,798,737)**	(142,974)
Total financial liabilities carried at amortised cost	**619,808,095**	613,433,630

12. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

Credit terms granted to the Group and the Company vary from 30 to 90 days (2017: 30 to 90 days).

(b) Amount due to a subsidiary, ultimate holding company, intermediate holding company, immediate holding company, related company and other shareholders

The amounts due to a subsidiary, ultimate holding company, intermediate holding company, immediate holding company, related company and other shareholders are unsecured and interest free.

An amount due to immediate holding company of RM50,000,000 and an amount due to other shareholders of RM6,750,000 bear 6.85% interest rate per annum. During the financial year these amounts have been reclassified to loans and borrowings (Note 10(d)). All the above amounts are repayable on demand.

13. CONTRACT LIABILITIES

	Group and Company	
	2018	**2017**
	RM	**RM**
At 1 January	**131,594,491**	(153,860,914)
Revenue recognised during the year	**-**	(143,295,674)
Attributable loss recognised during the year	**-**	129,721,763
Reversal made during the year	**(95,274,838)**	-
Transfer to trade accruals	**(36,707,046)**	-
Progress billing during the year	**-**	308,204,370
Effect of foreign exchange differences	**387,393**	(9,175,054)
At 31 December	**-**	131,594,491

14. REVENUE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Vessel charter hire income	**278,307,575**	223,673,674	**277,318,185**	222,385,343
Revenue from contract with customer	**140,692,390**	143,295,674	**140,692,390**	143,295,674
	418,999,965	366,969,655	**418,010,575**	365,681,017

Disaggregation of the Group's and of the Company's revenue from contracts with customers:

	Group and Company 2018 RM	Group and Company 2017 RM
Geographical market:		
Malaysia	**140,692,390**	143,295,674
Timing of revenue recognition:		
Over time	**140,692,390**	143,295,674

The revenue of RM140,692,390 recognised during the current financial year is related to final settlement with the customer.

15. COST OF SALES

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cost of services	**213,241,009**	174,191,935	**218,687,316**	180,350,414
EPCIC cost	**69,930,014**	318,109,220	**69,930,014**	318,109,220
	283,171,023	492,301,155	**288,617,330**	498,459,634

16. FINANCE COSTS

	Group		Company	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
Interest expense incurred on:				
- Bank overdraft	**250,358**	235,924	**245,404**	217,462
- Finance leases	**21,398**	30,765	**3,133**	2,280
- Conventional financing	**9,375,762**	9,652,976	**9,375,762**	9,652,976
- Revolving credits	**797,831**	876,273	**797,831**	876,273
- Advances from shareholders	**3,223,485**	739,293	**3,223,484**	739,293
	13,668,834	11,535,231	**13,645,614**	11,488,284
Profit payable on islamic financing	**8,770,242**	10,028,665	**8,770,242**	10,028,665
Less: Interest expense capitalised in vessels under construction (Note 4 (c))	**-**	(362,548)	**-**	(362,548)
	22,439,076	21,201,348	**22,415,856**	21,154,401

17. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit/(loss) before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audits	**298,430**	332,000	**197,950**	278,500
- other services	**78,240**	50,000	**78,240**	50,000
- (over)/under provision in prior year	**(26,341)**	92,000	**(26,341)**	88,500
Depreciation on property, plant and equipment	**74,093,234**	56,617,352	**75,146,714**	60,828,238
Impairment losses on property, plant and equipment	**2,128,036**	3,144,916	**2,128,036**	3,144,916
Amortisation of intangible asset	**-**	4,775,668	**-**	-
Allowance for impairment losses on trade receivables	**-**	2,764,122	**-**	2,764,122
Reversal of impairment losses on trade receivables	**(20,000)**	(24,000)	**(20,000)**	(24,000)
Realised foreign exchange loss/(gain)	**8,002,936**	(1,537,059)	**7,799,100**	(1,599,201)
Unrealised foreign exchange gain	**(1,625,115)**	(27,972,080)	**(1,688,283)**	(27,334,681)
Rental of office equipment	**130,199**	190,263	**121,781**	184,317
Rental of staff quarters	**36,000**	71,250	**36,000**	36,000
Rental of office	**284,970**	227,067	**278,970**	184,317
Rental of shipyard	**220,500**	160,692	**-**	160,692
Rental of third party vessels	**21,031,661**	29,358,453	**21,031,661**	29,358,453
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**42,035,745**	47,474,321	**40,980,776**	46,074,439
- Contributions to Employees Provident Fund ("EPF")	**4,680,844**	5,217,205	**4,485,146**	5,027,377
Insurance recoveries	**(4,528,138)**	(12,937,661)	**(4,528,138)**	(12,937,661)
Interest on fixed deposits	**(248,367)**	(333,582)	**(213,130)**	(333,582)
Rental income	**(16,581)**	-	**(16,581)**	-
Unwinding of discount	**-**	(156,889)	**-**	(156,889)
Loss on disposal of property, plant and equipment	**519,898**	-	**512,135**	-

18. DIRECTORS' REMUNERATION

The details of remuneration received/receivable by Directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Executive:				
Salaries and other emoluments	**624,160**	522,385	**416,400**	418,200
Fees	**128,500**	96,000	**60,000**	60,000
Bonus	**48,780**	500	**34,000**	500
Contributions to EPF	**81,445**	82,980	**47,061**	45,493
Total executive directors' remuneration (excluding benefits-in-kind)	**882,885**	701,865	**557,461**	524,193
Estimated monetary value of benefits-in-kind	**262,302**	344,172	**208,522**	207,072
Total executive directors' remuneration (including benefits-in-kind)	**1,145,187**	1,046,037	**765,983**	731,265
Non-executive:				
Fees	**422,500**	405,000	**348,000**	360,000
Other emoluments	**28,600**	44,300	**26,100**	41,600
Total non-executive directors' remuneration	**451,100**	449,300	**374,100**	401,600
Total directors' remuneration	**1,596,287**	1,495,337	**1,140,083**	1,132,865

18. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration received/receivable by Directors of the Group and of the Company during the year are as follows (cont'd.):

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
As at 31 December 2018				
Executive				
Dato' Ir Abdul Hak bin Md Amin	498,661	98,500	208,522	805,683
New Kok Ho	255,724	30,000	53,780	339,504
	754,385	128,500	262,302	1,145,187
Non-executive				
Dato' Kamaruzzaman bin Abu Kassim	2,800	72,000	-	74,800
Ahamad bin Mohamad	2,400	48,000	-	50,400
Datuk Anuar bin Ahmad	4,600	36,000	-	40,600
Datuk Mohd Nasir bin Ali	3,100	48,000	-	51,100
Rozan bin Mohd Sa'at	2,400	48,000	-	50,400
Abdul Azmin bin Abdul Halim	5,400	48,000	-	53,400
Aziah binti Ahmad	5,400	48,000	-	53,400
Johari Shukri bin Jamil	1,000	17,000	-	18,000
Azli bin Mohamed	1,000	27,500	-	28,500
Zulkifli bin Mohd Amin	500	30,000	-	30,500
	28,600	422,500	-	451,100
	782,985	551,000	262,302	1,596,287

18. DIRECTORS' REMUNERATION (CONT'D.)

The details of the remuneration received/receivable by Directors of the Group and of the Company during the year are as follows (cont'd.):

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
As at 31 December 2017				
Executive				
Dato' Ir Abdul Hak bin Md Amin	465,193	84,000	207,072	756,265
New Kok Ho	140,672	12,000	137,100	289,772
	605,865	96,000	344,172	1,046,037
Non-executive				
Dato' Kamaruzzaman bin Abu Kassim	1,400	18,000	-	19,400
Ahamad bin Mohamad	4,700	66,000	-	70,700
Datuk Anuar bin Ahmad	8,500	48,000	-	56,500
Datuk Mohd Nasir bin Ali	4,200	48,000	-	52,200
Rozan bin Mohd Sa'at	4,200	48,000	-	52,200
Azli bin Mohamed	6,600	45,000	-	51,600
Abdul Azmin bin Abdul Halim	7,800	48,000	-	55,800
Md. Tamyes bin Hj. A. Rahim	2,400	36,000	-	38,400
Aziah binti Ahmad	3,000	12,000	-	15,000
Idham Jihadi bin Abu Bakar	500	12,000	-	12,500
Zulkifli bin Mohd Amin	1,000	24,000	-	25,000
	44,300	405,000	-	449,300
	650,165	501,000	344,172	1,495,337

18. DIRECTORS' REMUNERATION (CONT'D.)

The number of Directors of the Group and of the Company whose total remuneration during the financial years fell within the following bands is analysed below:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Executive Directors:				
- RM 750,001 to RM 800,000	**1**	1	**1**	-
- RM 700,001 to RM 750,000	**-**	-	**-**	1
- RM 650,001 to RM 700,000	**-**	-	**-**	-
- RM 250,001 to RM 350,000	**1**	1	**-**	-
Non-executive Directors:				
- RM75,001 to RM100,000	**-**	-	**-**	-
- RM75,000 and below	**10**	11	**7**	9

19. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 December 2018 and 2017 are as follows :

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Statements of comprehensive income				
Income tax:				
- Malaysian income tax	**176,468**	1,491,400	**-**	-
- Over provision in respect of previous financial years	**(257,215)**	(4,991,596)	**-**	(4,831,236)
	(80,747)	(3,500,196)	**-**	(4,831,236)
Deferred tax (Note 11):				
- Relating to origination and reversal of temporary differences	**16,214,048**	(12,180,511)	**15,717,801**	(12,179,068)
- (Over)/under provision in respect of previous financial years	**(4,567)**	4,926,692	**(1,696)**	4,823,520
	16,209,481	(7,253,819)	**15,716,106**	(7,355,548)
Income tax expense/(credit) recognised in profit or loss	**16,128,734**	(10,754,015)	**15,716,106**	(12,186,784)

19. INCOME TAX EXPENSE/(CREDIT) (CONT'D.)

Reconciliation between tax expense/(credit) and accounting profit

The reconciliations between tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit/(loss) before tax	**90,361,436**	(131,902,716)	**88,238,612**	(132,944,053)
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	**21,686,745**	(31,656,652)	**21,177,267**	(31,906,573)
Non-deductible expenses	**4,554,436**	16,258,652	**4,391,200**	15,018,616
Tax exempt income	**(15,674,052)**	(6,972,322)	**(15,674,052)**	(6,972,322)
Deferred tax assets not recognised	**12,156,088**	11,681,211	**12,156,088**	11,681,211
Recognition of previously unrecognised tax losses	**(6,332,701)**	-	**(6,332,701)**	-
(Over)/under provision in respect of previous financial years				
- deferred tax	**(4,567)**	4,962,692	**(1,696)**	4,823,520
- tax expense	**(257,215)**	(4,991,596)	**-**	(4,831,236)
	16,128,734	(10,754,015)	**15,716,106**	(12,186,784)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

Deferred tax assets have not been recognised in respect of the following item:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Unutilised business losses	**22,285,457**	48,671,713	**22,285,457**	48,671,713

20. EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2018	2017
Profit/(loss) for the financial year attributable to owners of the parent (RM)	**74,232,702**	(121,148,701)
Weighted average number of ordinary shares in issue	**504,000,000**	504,000,000
Basic earnings/(loss) per share (sen)	**14.73**	(24.04)

The Group has no potential ordinary shares in issue as at financial year end and therefore, diluted earnings per share has not been presented.

There have been no other transactions involving ordinary shares or potential shares.

21. CATEGORIES OF FINANCIAL INSTRUMENTS

All financial assets and liabilities are categorised as amortised cost as at 31 December 2018 in accordance with the Group's and the Company's accounting policies as disclosed in Note 2.10. All financial assets and liabilities are carried at carrying amounts which are reasonable approximation of fair values except as stated below:

	2018 RM	2017 RM
Group		
Carrying amount		
Fixed rate loans and borrowings (non-current)	**(69,936,156)**	(25,166,439)
Fair value		
Fixed rate loans and borrowings (non-current)	**(79,966,321)**	(27,254,382)
Company		
Carrying amount		
Fixed rate loans and borrowings (non-current)	**(69,936,156)**	(25,166,439)
Fair value		
Fixed rate loans and borrowings (non-current)	**(79,966,321)**	(27,254,382)

The fair value of fixed rate loans and borrowings is estimated by discounting expected future cash flows at the borrowing rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for which fair value is disclosed.

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2:
Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3:
Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

21. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D.)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities for which fair value is disclosed. (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2018			
Fixed rate loans and borrowings	**-**	**(79,966,321)**	-
31 December 2017			
Fixed rate loans and borrowings	-	(27,254,382)	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis in view of reducing the Group's exposure to bad debts.

Management has 30 days (2017: 30 days) credit term policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group and the Company have only invested in fixed deposits and maintain current accounts with licensed banks.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 90 days, which are deemed to have higher credit risk, are monitored individually. Further details are discussed in note 7(a).

Impaiment of financial assets

The Group's and the Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, unbilled revenue and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables and unbilled revenue using simplified approach

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled revenue.

To measure the expected credit losses, trade receivables and unbilled revenue have been grouped based on shared credit risk characteristics and the days past due (see impairment of financial assets in Note 7).

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. Impairment loss is immaterial.

A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	**Group's definition of category**	**Basis for recognising ECL**
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flow	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL incorporating the methodology below:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;

- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and

- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in Malaysia, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents, bank facilities and financial support from its intermediate holding company deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due. The Group and the Company have profitable vessel charter hire operations as disclosed in Note 26 that generate positive operating cash flows.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) net of tax to a reasonably possible change in the USD, SGD, EURO, JPY, GBP and BND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2018							
Islamic financing facilities							
Bai Bithaman Ajil Financing	20,503,428	6.75%	22,474,840	8,359,392	8,359,392	5,756,056	-
Bai Bithaman Ajil Financing*	5,761,170	i-COF+1.50%	6,055,555	2,769,458	2,656,466	629,631	-
Commodity Murabahah*	126,170,367	i-COF+2.50%	133,033,061	57,164,435	54,827,969	21,040,657	-
Musharakah Mutanaqisah*	8,783,632	i-COF+1.85%	9,245,867	5,178,950	4,006,778	60,139	-
Murabahah Tawarruq*	16,526,318	i-COF +2.00%	16,897,441	11,323,335	5,574,106	-	-
Conventional financing facilities							
Conventional term loan*	136,880,430	COF+1.50%	152,067,722	36,875,840	37,755,674	70,942,009	6,494,199
Conventional term loan	4,581,374	5.00%	4,938,781	1,853,190	1,853,190	1,232,401	-
Others							
Revolving credit*	14,329,131	COF+1.50%	12,300,112	12,300,112	-	-	-
Finance lease liabilities	209,120	2.40%-3.90%	222,418	117,800	104,618	-	-
Bank overdraft	5,907,866	6.45%	6,288,924	6,288,924	-	-	-
Loan from shareholders	60,762,441	6.85%	73,502,067	10,736,785	11,525,252	40,953,618	10,286,412
Trade and other payables	204,080,780	-	204,080,780	204,080,780	-	-	-
	604,496,057		641,107,567	357,049,000	126,663,445	140,614,511	16,780,611

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2018							
Islamic financing facilities							
Bai Bithaman Ajil Financing	20,503,428	6.75%	22,474,840	8,359,392	8,359,392	5,756,056	-
Bai Bithaman Ajil Financing*	5,761,170	i-COF+1.50%	6,055,555	2,769,458	2,656,466	629,631	-
Commodity Murabahah*	126,170,367	i-COF+2.50%	133,033,061	57,164,435	54,827,969	21,040,657	-
Musharakah Mutanaqisah*	8,783,632	i-COF+1.85%	9,245,867	5,178,950	4,006,778	60,139	-
Murabahah Tawarruq*	16,526,318	i-COF +2.00%	16,897,441	11,323,335	5,574,106	-	-
Conventional financing facilities							
Conventional term loan*	136,880,430	COF+1.50%	152,067,722	36,875,840	37,755,674	70,942,009	6,494,199
Conventional term loan	4,581,374	5.00%	4,938,781	1,853,190	1,853,190	1,232,401	-
Others							
Revolving credit*	14,329,131	COF+1.50%	12,300,112	12,300,112	-	-	-
Finance lease liabilities	6,448	2.40%-3.90%	6,448	6,448	-	-	-
Bank overdraft	5,907,866	6.45%	6,288,924	6,288,924	-	-	-
Loan from shareholders	60,762,441	6.85%	73,502,067	10,736,785	11,525,252	40,953,618	10,286,412
Trade and other payables	219,595,490	-	134,444,278	134,444,278	-	-	-
	619,808,095		571,255,096	287,301,147	126,558,827	140,614,511	16,780,611

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2017							
Islamic financing facilities							
Bai Bithaman Ajil Financing	27,275,902	6.75%	30,674,993	8,359,392	8,359,392	13,956,209	-
Bai Bithaman Ajil Financing*	8,336,533	i-COF+1.50%	8,946,421	2,882,774	2,769,782	3,293,865	-
Commodity Murabahah*	164,140,138	i-COF+2.50%	177,622,695	55,106,922	52,635,126	69,880,647	-
Musharakah Mutanaqisah*	14,180,498	i-COF+1.85%	15,234,388	6,048,660	5,178,950	4,006,778	-
Conventional financing facilities							
Conventional term loan*	172,604,167	COF+1.50%	199,340,677	42,415,039	39,644,668	92,261,981	25,018,989
Conventional term loan	6,207,727	5.00%	6,791,971	1,853,190	1,853,190	3,085,591	-
Others							
Revolving credit*	16,360,012	COF+1.50%	16,360,012	16,360,012	-	-	-
Finance lease liabilities	406,380	2.40%-3.90%	439,018	216,716	117,684	104,618	-
Bank overdraft	5,700,767	6.45%	5,731,409	5,731,409	-	-	-
Trade and other payables	189,685,711	-	189,685,711	189,685,711	-	-	-
	604,897,835		650,827,295	328,659,825	110,558,792	186,589,689	25,018,989

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

Non-derivative financial liabilities	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2017							
Islamic financing facilities							
Bai Bithaman Ajil Financing	27,275,902	6.75%	30,674,993	8,359,392	8,359,392	13,956,209	-
Bai Bithaman Ajil Financing*	8,336,533	i-COF+1.50%	8,946,421	2,882,774	2,769,782	3,293,865	-
Commodity Murabahah*	164,140,138	i-COF+2.50%	177,622,695	55,106,922	52,635,126	69,880,647	-
Musharakah Mutanaqisah*	14,180,498	i-COF+1.85%	15,234,388	6,048,660	5,178,950	4,006,778	-
Conventional financing facilities							
Conventional term loan*	172,604,167	COF+1.50%	199,340,677	42,415,039	39,644,668	92,261,981	25,018,989
Conventional term loan	6,207,727	5.00%	6,791,971	1,853,190	1,853,190	3,085,591	-
Others							
Revolving credit*	16,360,012	COF+1.50%	16,360,012	16,360,012	-	-	-
Finance lease liabilities	48,908	2.40%-3.90%	50,166	43,676	6,490	-	-
Bank overdraft	5,389,095	6.45%	5,418,061	5,418,061	-	-	-
Trade and other payables	198,890,650	-	198,890,650	198,890,650	-	-	-
	613,433,630		659,330,034	337,378,376	110,447,598	186,485,071	25,018,989

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO"), Japanese Yen ("JPY"), Great British Pound ("GBP") and Brunei Dollar ("BND"). The Group maintains a natural hedge, whenever possible, by borrowing currency that matches the future revenue streams to be generated from its operations.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

Exposure to foreign currency risk

	Denominated in					
	USD	SGD	EURO	JPY	GBP	BND
2018	RM	RM	RM	RM	RM	RM
Group						
Trade and other receivables	32,672,331	-	-	-	-	-
Cash and cash equivalents	9,409	-	-	-	-	-
Trade and other payables	(66,732,995)	(8,036,256)	(74,219)	(2,002,776)	(72,965)	(26,057)
Loans and borrowings	(132,042,765)	-	-	-	-	-
Net exposure	(166,094,020)	(8,036,256)	(74,219)	(2,002,776)	(72,965)	(26,057)
Company						
Trade and other receivables	25,432,360	-	-	-	-	-
Cash and cash equivalents	9,409	-	-	-	-	-
Trade and other payables	(59,659,815)	(8,036,256)	(74,219)	(1,773,239)	(72,965)	(26,057)
Loans and borrowings	(132,042,765)	-	-	-	-	-
Net exposure	(166,260,811)	(8,036,256)	(74,219)	(1,773,239)	(72,965)	(26,057)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Exposure to foreign currency risk

			Denominated in			
	USD	SGD	EURO	JPY	GBP	BND
2017	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group						
Trade and other receivables	42,962,595	-	-	-	-	-
Cash and cash equivalents	5,206,744	-	-	-	-	-
Trade and other payables	(220,755,140)	(13,722,846)	(103,204)	(3,470,005)	(5,936)	-
Loans and borrowings	(172,758,829)	-	-	-	-	-
Net exposure	(345,344,630)	(13,722,846)	(103,204)	(3,470,005)	(5,936)	-
Company						
Trade and other receivables	30,991,049	-	-	-	-	-
Cash and cash equivalents	5,206,744	-	-	-	-	-
Trade and other payables	(220,719,030)	(13,529,766)	(79,926)	(3,470,005)	(5,936)	-
Loans and borrowings	(172,758,829)	-	-	-	-	-
Net exposure	(357,280,066)	(13,529,766)	(79,926)	(3,470,005)	(5,936)	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) net of tax to a reasonably possible change in the USD, SGD, EURO, JPY, GBP and BND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit/(loss) net of tax	
	2018 RM	**2017 RM**
Group		
USD/RM		
- strengthened 10% (2017: 10%)	**(12,623,146)**	(26,246,192)
- weakened 10% (2017: 10%)	**12,623,146**	26,246,192
SGD/RM		
- strengthened 10% (2017: 10%)	**(610,755)**	(1,042,936)
- weakened 10% (2017: 10%)	**610,755**	1,042,936
EURO/RM		
- strengthened 10% (2017: 10%)	**(5,641)**	(7,844)
- weakened 10% (2017: 10%)	**5,641**	7,844
JPY/RM		
- strengthened 10% (2017: 10%)	**(152,211)**	(263,720)
- weakened 10% (2017: 10%)	**152,211**	263,720
GBP/RM		
- strengthened 10% (2017: 10%)	**(5,545)**	(451)
- weakened 10% (2017: 10%)	**5,545**	451
BND/RM		
- strengthened 10% (2017: 10%)	**(1,980)**	-
- weakened 10% (2017: 10%)	**1,980**	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis (cont'd.)

	Profit/(loss) net of tax	
	2018 RM	**2017 RM**
Company		
USD/RM		
- strengthened 10% (2017: 10%)	**(12,635,822)**	(27,153,285)
- weakened 10% (2017: 10%)	**12,635,822**	27,153,285
SGD/RM		
- strengthened 10% (2017: 10%)	**(610,755)**	(1,028,262)
- weakened 10% (2017: 10%)	**610,755**	1,028,262
EURO/RM		
- strengthened 10% (2017: 10%)	**(5,641)**	(6,074)
- weakened 10% (2017: 10%)	**5,641**	6,074
JPY/RM		
- strengthened 10% (2017: 10%)	**(134,766)**	(263,720)
- weakened 10% (2017: 10%)	**134,766**	263,720
GBP/RM		
- strengthened 10% (2017: 10%)	**(5,545)**	(451)
- weakened 10% (2017: 10%)	**5,545**	451
BND/RM		
- strengthened 10% (2017: 10%)	**(1,980)**	-
- weakened 10% (2017: 10%)	**1,980**	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages the interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2018 RM	**2017 RM**
Fixed rate instruments		
Financial assets	**7,841,055**	7,225,455
Financial liabilities	**(69,936,156)**	(33,483,629)
Floating rate instruments		
Financial liabilities	**(308,451,048)**	(375,621,348)

	Company	
	2018 RM	**2017 RM**
Fixed rate instruments		
Financial assets	**7,138,723**	6,578,361
Financial liabilities	**(69,936,156)**	(33,483,629)
Floating rate instruments		
Financial liabilities	**(308,451,048)**	(375,621,348)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk (cont'd.)

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for the variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would result in equity and post-tax profit increased/(decreased) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	100 bp increase RM	100 bp decrease RM
Group and Company		
31.12.2018		
Floating rate instruments	**2,344,228**	(2,344,228)
Group and Company		
31.12.2017		
Floating rate instruments	**2,854,722**	(2,854,722)

23. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value as well as to comply with financial covenants.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents and short term deposits. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve, if any.

23. CAPITAL MANAGEMENT (CONT'D.)

	2018 RM	2017 RM
Group		
Loans and borrowings	**400,415,277**	415,212,124
Trade and other payables	**204,080,780**	189,685,711
Less: Cash and and bank balances	**(13,776,234)**	(20,675,519)
Short term deposits	**(702,331)**	(647,094)
Net debt	**590,017,492**	583,575,222
Equity attributable to the owners of the parent	**226,885,313**	152,652,611
Capital and net debt	**816,902,805**	736,227,833
Gearing ratio	**72%**	79%

Company	**2018 RM**	2017 RM
Loans and borrowings	**400,212,605**	414,542,980
Trade and other payables	**219,595,490**	198,890,650
Less: Cash and cash equivalents	**(13,181,603)**	(19,912,020)
Net debt	**606,626,493**	593,521,610
Equity attributable to the owners of the parent	**237,666,360**	165,143,854
Capital and net debt	**844,292,853**	758,665,464
Gearing ratio	**72%**	78%

The Group has met its externally imposed financial covenants as described in Note 10(b) during the financial year.

24. RELATED PARTIES DISCLOSURES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entitites.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with its ultimate holding corporation, subsidiaries, related companies and key management personnel.

Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Holding companies:				
Kulim (Malaysia) Berhad				
- Internal audit fee	**58,602**	106,000	**58,602**	106,000
- Travelling expenses	**32,512**	57,280	**32,512**	57,280
- Salaries paid on behalf	**122,166**	-	**122,166**	-
- Others	**5,078**	8,997	**5,078**	8,997
Sindora Berhad				
- Shareholder's advances	**35,000,000**	15,000,000	**35,000,000**	15,000,000
- Interest charged	**2,768,476**	476,089	**2,768,476**	476,089
Johor Corporation				
- Secretarial costs	**54,309**	51,786	**28,015**	44,942
- Salaries paid on behalf	**-**	512,534	**-**	512,534
- Travelling expenses	**5,422**	20,202	**5,422**	20,202
- Others	**51,263**	17,298	**51,263**	17,298
Subsidiaries:				
Johor Shipyard and Engineering Sdn. Bhd				
- Construction of vessels	**-**	-	**5,700,000**	1,100,000
Libra Perfex Precision Sdn. Bhd				
- Charter hire of vessels	**-**	-	**(35,947,867)**	(20,919,395)

24. RELATED PARTIES DISCLOSURES (CONT'D.)

Significant related party transactions (cont'd.)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Shareholders :				
Dato' Ir. Abdul Hak bin Md Amin				
- Shareholder's advances	**250,000**	4,500,000	**250,000**	4,500,000
- Interest charged	**318,009**	170,547	**318,009**	170,547
Datin Hamidah binti Omar				
- Rental paid	**36,000**	36,000	**36,000**	36,000
- Shareholder's advances	**-**	2,000,000	**-**	2,000,000
- Interest charged	**137,000**	155,521	**137,000**	155,521
Other related parties:				
Pro Corporate Management Services Sdn Bhd*				
- Registrar costs	**3,322**	52,045	**3,322**	52,045
- Others	**896**	-	**896**	-
Puteri Hotels Sdn. Bhd.*				
- Accommodation fees	**21,405**	209,239	**21,405**	209,239
Berkat Global Sdn. Bhd.**				
- Survey fees and material supply	**41,731**	83,407	**41,731**	83,407
Sumber Shipyard and Engineering Sdn. Bhd.**				
- Rental of land	**220,169**	-	**-**	-
- Supply of spare parts	**1,000,536**	-	**-**	-
S.S. Makmur Sdn. Bhd.**				
- Supply of spare parts	**390,627**	-	**-**	-
Sumber Samudera Sdn. Bhd.**				
- Supply of spare parts	**410**	-	**-**	-
EPASA Shipping Agency Sdn. Bhd. ***				
- Shipping agency fee and supply of spare parts	**-**	323,955	**-**	323,955

* The companies are controlled by the ultimate holding company.
** The company is controlled by a Director of the Company.
*** The company is controlled by the immediate holding company.

24. RELATED PARTIES DISCLOSURES (CONT'D.)

Significant related party transactions (cont'd.)

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Other related parties:				
Mahamurni Plantations Sdn. Bhd. * **				
- Supply manpower	**6,569**	-	**6,569**	-
- Interest charged	**582**	-	**582**	-

* The companies are controlled by the ultimate holding company.
** The company is controlled by a Director of the Company.
*** The company is controlled by the immediate holding company.

The Directors of the Company are of opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 7 and 12.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The Company regards its directors as the key management personnel and their compensations are disclosed in Note 18.

25. COMMITMENTS

	Group and Company	
	2018 RM	**2017 RM**
Shipyard under construction		
Approved but not contracted for	**7,538,700**	7,538,700

26. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

(i) Vessel charter hire and other income ("Charter hire")

"Vessel charter hire income is recognised on a straight-line basis over the lease term determined at the inception of the lease.

Other income is recognised when services are rendered to the customers and recognised on an accrual basis."

(ii) EPCIC

Relates to contract revenue arising from the provision of engineering, procurement, construction, installation and commissioning ("EPCIC") of a floating, storage and offloading ("FSO") facility.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

The Group's segmental information is as follows:

	Charter hire RM	EPCIC RM	Total RM
31 December 2018			
Revenue:			
External customers	**278,307,575**	**140,692,390**	**418,999,965**
Results:			
Segment profit	**41,788,711**	**70,762,376**	**112,551,087**
Finance income			**249,425**
Finance costs			**(22,439,076)**
Profit before tax			**90,361,436**
Total assets	**859,400,982**	**-**	**859,400,982**
Total liabilities	**527,060,940**	**105,454,729**	**632,515,669**
Capital expenditure	**65,471,477**	**-**	**65,471,477**

26. SEGMENT INFORMATION (CONT'D.)

The Group's segmental information is as follows: (cont'd.)

	Charter hire RM	EPCIC RM	Total RM
31 December 2017			
Revenue:			
External customers	223,673,981	143,295,674	366,969,655
Results:			
Segment profit	54,428,826	(165,638,494)	(111,209,668)
Finance income			508,300
Finance costs			(21,201,348)
Loss before tax			(131,902,716)
Total assets	757,528,655	398,449,817	1,155,978,472
Total liabilities	449,968,550	432,208,610	882,177,160
Capital expenditure	163,099,713	-	163,099,713

There are four external customers (2017: four) who contribute 76% (2017: 87%) or more on total revenues of the Group.

	31.12.2018 RM	31.12.2017 RM
Charter hire:		
Customer A	**103,337,511**	95,382,078
Customer B	**49,454,934**	52,634,250
Customer C	**24,238,560**	27,003,329
	177,031,005	175,019,657
EPCIC:		
Customer D	**140,692,390**	143,295,674
	317,723,395	318,315,331

26. SIGNIFICANT AND SUBSEQUENT EVENTS

Arbitration Proceedings

On 27 September 2018, E.A. Technique (M) Berhad ("EAT") filed a Notice of Arbitration to the Asian International Arbitration Centre ("AIAC") to claim from Malaysia Marine and Heavy Engineering Holdings Berhad ("MMHE") amounts paid on behalf by HESS Exploration and Production Malaysia B.V., deletion of MMHE's additional work order ("AWO") scope as well as back charges with a total aggregate amount of USD21,656,198.

On 15 February 2019, EAT served its Statement of Claim to MMHE amounting to USD21,656,198. MMHE filed a counterclaim against EAT in the AIAC Arbitration amounting to USD49,105,096 and is due to file its Defence for Counterclaim by 15 March 2019.

Adjudication Proceedings

On 5 October 2018, MMHE served EAT with a Notice of Adjudication under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") claiming USD30,221,301 for invoices issued to EAT relating to the EPCIC project after taking into consideration the amounts paid on behalf by HESS and deletion of some AWO scope.

On 14 February 2019, MMHE has served its adjudication claim on EAT amounting to USD30,221,301. EAT made a counterclaim against MMHE in the CIPAA Adjudication amounting to USD21,656,198 and is due to file its adjudication response by 28 February 2019.

The Group will vigorously defend the claims made by MMHE and pursue its counterclaims.

LIST OF PROPERTIES

Registered Owner	Address	Tenure / Expiry of Lease	Description Existing Use	Date of Issuance of Certificate of Fitness for Occupation / Certificate Of Completion and Compliance	Approximate Age of Building (Years)	Total Built Up Area and Land Area (square feet)	Net Book Value as at 31 Dec 2018 (RM'000)
E.A. Technique	Setiawangsa Business Suite, C-3A-3A, No. 2, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Freehold	Commercial unit at fourth (4th) floor of a five (5) – storey office block held for our head office	8 February 2007	11	Built-up: 6,560 Land area: not applicable	955
E.A. Technique	No. C-15-1, No. 2, Jalan 13/21D, Medan Idaman, Gombak, Kuala Lumpur	Freehold	Apartment for seafarers in-transit	6 July 2004	13	Built-up: 845 Land area: not applicable	144

Tenant	Registered Owner	Address	Tenure /Expiry of Lease	Description Existing Use	Total Built Up Area and Land Area (square feet)
E.A. Technique	Gan Siew Looi	No. 37, Lintang Sultan Mohamad 1B, Pusat Perdagangan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan	Two (2) years tenancy commencing from 1 January 2018 and expiring on 31 December 2019	1-storey office for office use	Built-up: 2,002 Land area: not applicable
E.A. Technique	Kertih Port Sdn Bhd	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan-Kuala Terengganu	Two (2) years tenancy commencing from 1 September 2018 and expiring on 31 August 2020	Parcel of office / business premises	Built-up: 331 Land area: not applicable
E.A. Technique	Zainal Bin Abdul Wahab	Unit C-5-3, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Two (2) years tenancy + one (1) year tenancy commencing from 1 February 2019 and terminate on 31 January 2022	Commercial unit at fifth (5th) floor of a six (6) -storey office block for our training facilities	Built-up: 3,000 Land area: not applicable

Tenant	Registered Owner	Address	Tenure /Expiry of Lease	Description Existing Use	Total Built Up Area and Land Area (square feet)
E.A. Technique	Hamidah Bt Omar	Idaman Puteri No. 17-11, Jalan 13/21D, Medan Idaman, 53100 Gombak, Selangor Darul Ehsan	Three (3) years commencing from 1 March 2018 and terminate on 28 February 2021.	Apartment for seafarers in-transit	Land area: not applicable
E.A. Technique	Mohamed Jeyavudeen bin P Abd Rashid	Unit B-0-1, Unit B-1-1, Block B, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	One (1) year + 1 year tenancy commencing from 14 December 2016 and expiring on 14 April 2019 (Unit B-0-1) and 14 December 2019 (Unit B-1-1)	Two (2) unit of office lot for office use	Land area: not applicable
E.A. Technique	Anstep Holding	Sublot 1 of Parent Lot 1355, Block 3 Miri Concession Land District, 98000 Miri, Sarawak	Three (3) years tenancy commencing from 1 November 2017 and expiring on 31 Ocotober 2020	Whole third floor of one unit of four (4) storey corner shophouse for office use	Built-up: 1,679 Land area: not applicable
E.A. Technique	Ahmad Fathiri Bin Ahmad Fadzlah	Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Two (2) years tenancy commencing from 1 November 2018 and expiring on 31 October 2020	Commercial unit at third (3rd) floor of a five (5) – storey office block held for our office use	Built-up: 6,560 Land area: not applicable
Johor Shipyard	Sumber Shipyard and Engineering Sdn Bhd	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	20 years/30 November 2032 with an option to renew for another ten (10) years	Option which included but not limited to ship construction, repairs and all such shipyard activities and other related activities	Built-up: 13,000 Land area: 435,600

SHAREHOLDING STATISTICS
AS AT 01 MARCH 2019

Issued Shares : 504,000,000
Class of Shares : Ordinary Share

VOTING RIGHT OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

BREAK DOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	10	0.44	200	-
100 – 1000	185	8.22	106,600	0.02
1,001 – 10,000	998	44.34	6,337,100	1.26
10,001 – 100,000	889	39.49	30,932,700	6.14
100,001 to less than 5 of Issued Capital	167	7.42	145,073,400	28.78
5 and above of Issued Capital	2	0.09	321,550,000	63.80
TOTAL	2,251	100.00	504,000,000	100.00

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
1	Sindora Berhad	255,000,000	50.60
2	Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	66,550,000	13.20
3	CIMSec Noms (T) Sdn Bhd - A/C For Hamidah binti Omar (PB)	23,641,700	4.69
4	Kulim (Malaysia) Berhad	12,884,300	2.56
5	CIMSec Noms (T) Sdn Bhd - A/C CIMB For Abdul Hak bin Md Amin (PB)	10,000,000	1.98
6	CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	8,000,000	1.59
7	DB (M) Nom (T) Sendirian Berhad - A/C Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	7,131,800	1.42
8	Citigroup Noms (T) Sdn Bhd - A/C Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	6,724,700	1.33
9	Alliancegroup Noms (T) Sdn Bhd - A/C For Lim Chai Beng (7001398)	6,609,700	1.31
10	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	5,351,800	1.06
11	PFM Capital Sdn Bhd	3,836,000	0.76
12	Maybank Noms (T) Sdn Bhd - A/C MTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)(419471)	2,317,700	0.46
13	UOBM Noms (T) Sdn Bhd - A/C UOB Asset Management (Malaysia) Berhad For Gibraltar BSN AGGRESSIVE FUND	2,200,000	0.44
14	DB (M) Nom (T) Sendirian Berhad - A/C Deutsche Trustees Malaysia Berhad For United Asean Discoveryfund	2,000,000	0.40
15	CIMB Group Noms (T) Sdn Bhd - A/C CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717 TRO1)	1,754,700	0.35
16	Maybank Noms (T) Sdn Bhd - A/C For Abd Talib bin Bachek	1,353,900	0.27
17	Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	1,281,000	0.25

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONT'D.)

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
18	Universal Trustee (Malaysia) Berhad - A/C Kenanga Islamic Fund	1,144,900	0.23
19	Ong Lam Huat	1,100,000	0.22
20	CIMSec Noms (T) Sdn Bhd - A/C CIMB Bank for Zalaraz Sdn Bhd (MY3113)	1,050,000	0.21
21	CIMB Group Noms (T) Sdn Bhd - A/C CIMB Commerce Trustee Berhad - Kenanga Premier Fund	1,038,800	0.21
22	Md Yusoff bin Abdul Ghaffar	1,036,000	0.21
23	CIMSec Noms (T) Sdn Bhd - A/C CIMB Bank for Arshad bin Ayub (MY1393)	1,000,000	0.20
24	Public Noms (T) Sdn Bhd - A/C For Tam Seng @ Tam Seng Sen (E-PTS)	1,000,000	0.20
25	Kenanga Noms (T) Sdn Bhd - A/C For Tan See Teik	954,100	0.19
26	UOBM Noms (T) Sdn Bhd - A/C UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Life Berhad (PAR Fund)	940,000	0.19
27	Maybank Noms (T) Sdn Bhd - A/C For Chew Hsien Loong	903,200	0.18
28	Maybank Noms (T) Sdn Bhd - A/C For Law Teck Peng	900,000	0.18
29	CIMB Investment Bank Berhad - A/C CLR (ISOB2143) For UOB Asset Management (Malaysia) Berhad	874,200	0.17
30	Maybank Noms (T) Sdn Bhd - A/C Adam Shah Bin Abdul Majid	849,800	0.17

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	865	38.43	432,668,500	85.85
- Others	1,365	60.64	69,883,200	13.86
Foreigners	21	0.93	1,448,300	0.29
TOTAL	**2,251**	**100.00**	**504,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
Name		No. of Shares	%	No. of Shares	%
Sindora Berhad		255,000,000	50.60	–	–
Dato' Ir. Abdul Hak bin Md. Amin - Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin - CIMSec Noms (T) Sdn Bhd - A/C CIMB For Abdul Hak bin Md Amin (PB) - CIMSec Noms (T) Sdn Bhd - A/C For Abdul Hak bin Md Amin	 66,550,000 10,000,000 8,000,000	84,550,000	16.78	24,006,700	4.76
CIMSec Noms (T) Sdn Bhd - A/C For Hamidah binti Omar (PB)		23,641,700	4.69	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fifth (25th) Annual General Meeting **("AGM")** of E.A. Technique (M) Berhad (**"EAT"** or the **"Company"**) will be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Monday, 29 April 2019 at 12.00 p.m. for the transaction of the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.
   Please refer to Explanatory Note A

2. To re-elect the following Directors who retire in accordance with Article 113 of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (i) Ahamad bin Mohamad — **Ordinary Resolution 1**
   (ii) Rozan bin Mohd Saát — **Ordinary Resolution 2**
   Please refer to Explanatory Note B

3. To approve the Proposed Directors' Fees amounting to RM80,000 per annum for the Non-Executive Chairman and RM66,000 per annum for each of the Non-Executive Directors in respect of the financial year ending 31 December 2019.
   Please refer to Explanatory Note C — **Ordinary Resolution 3**

4. To approve the payment of Remunerations (excluding Proposed Directors' Fees) to Non-Executive Chairperson and Non-Executive Directors for the period from 30 April 2019 until the next AGM of the Company ("Relevant Period").
   Please refer to Explanatory Note D — **Ordinary Resolution 4**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration.
   Please refer to Explanatory Note E — **Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

6. Authority to Issue and Allot Shares Pursuant To Section 75 of the Companies Act, 2016

"**THAT** pursuant to Section 75 of the Companies Act, 2016 ("**Act**"), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **("Bursa Securities")** and that such authority shall continue in force until the conclusion of the next AGM of the Company.
Please refer to Explanatory Note F **Ordinary Resolution 6**

7. Proposed Share Buy-Back Renewal

"**THAT**, subject to Section 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities **("Listing Requirements")** and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

(a) The maximum aggregate number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

AND THAT the Directors be and are hereby authorised to deal with the shares so bought-back at their absolute discretion in any of the following manner:-

(i) cancel the shares so purchased; or
(ii) retain the shares so purchased as treasury shares; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
(iv) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
(v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or
(vi) cancel the treasury shares or any of the said shares; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company; or
(b) the expiration of the period within which the next AGM is required by law to be held; or
(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the purchase by the Company of its own shares with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities."
Please refer to Explanatory Note G **Ordinary Resolution 7**

8. Proposed Adoption of a New Constitution of the Company in place of the existing Memorandum & Articles of Association (**"Proposed New Constitution"**)

"**THAT** approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in the Circular to Shareholders dated 29 March 2019, in place of the existing Memorandum & Articles of Association;

AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts necessary to give effect to the Proposed New Constitution.
Please refer to Explanatory Note H **Special Resolution 1**

BY ORDER OF THE BOARD

NURALIZA A. RAHMAN (MAICSA 7067934)
SABARUDIN HARUN (MIA 30423)
Company Secretaries

Johor Bahru, Johor
29 March 2019

NOTES:

Proxy and/or Authorised Representatives

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 25th Annual General Meeting (**"AGM"**).

2. A Member entitled to attend, speak and vote at this 25th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.

3. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at this 25th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, E.A. Technique (M) Berhad, Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia not less than twenty-four (24) hours before the time set for this 25th AGM.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), all resolutions set out in this Notice will be put to vote by way of poll.

Abstention from Voting

Any Director referred to in Resolution 1 and 2 who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment as Director of the Company at the 25th AGM.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

A. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("**the Act**") for discussion only and does not require the Company to obtain shareholders' approval. Henceforth, this will not put forward for voting.

B. Articles 113 provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. All Directors shall retire from office once at least in each three years but shall be eligible for re-election. Two (2) out of seven (7) Directors are to retire in accordance with Article 113. Ahamad bin Mohamad and Rozan bin Mohd Sa'at are standing for re-elections as Directors of the Company and being eligible, have offered themselves for re-elections.

C. The proposed Ordinary Resolution 3, if passed will facilitate payment of Proposed Directors' Fees of the Non-Executive Chairman **("NEC"**) and Non-Executive Directors **("NEDs")** on current year basis pursuant to Section 230(1)(b) of the Act.

D. The proposed Ordinary Resolution 4, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NEDs of the Company on a monthly/quarterly basis and/or when incurred within the Relevant Period.

   In view of the increasing challenges that the Company faces to grow its business, the Nomination and Remuneration Committee ("NRC") saw the need to review its current rates of remuneration of the NEC and NEDs to be able to maintain its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. A review is also essential to be at par with the prevalent market practice, and to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's business and increased expectations from various stakeholders.

   An external consultant, KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), was engaged to conduct a Remuneration Benchmarking for Board and Board Committees of the Company ("Benchmarking") to assist the NRC to make recommendation to the Board on whether an increase in NEC and NEDs' remuneration is advisable. In its review, KPMG has adopted comparator which includes all Public Listed Companies on Bursa Securities in the transportation and logistics services sector.

   The Board on 12 March 2019 approved the NRC's recommendation for the proposed revision to the NEDs' fees as set out in the right column of the table below:

   1. Directors' Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Board of Directors*		
Chairman	72,000	80,000
Other Members (per person)	48,000	66,000

NOTE:

i. The payment of the annual fees for nominee directors representing Johor Corporation ("JCorp") will be paid to JCorp as Corporate Fee.

2. Directors' Remuneration

   a. Committee Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Committees		
Audit:		
Chairperson	-	20,000
Member :	-	10,000
Tender Board		
Chairperson	-	20,000
Member	-	10,000

NOTE:

i. The payment of the annual fees for nominee directors representing JCorp will be paid to JCorp as Corporate Fee.
ii. The payment of the Committees' annual fees is extended to all Directors in the Committees except for the Managing Director of the Company.
iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committees.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

Sitting Allowances for Board / Committees (per member/per meeting)	Chairman		Members	
	Current Rate (RM)	Proposed Rate (RM)	Current Rate (RM)	Proposed Rate (RM)
Board of Directors	700	2,000	600	1,000
Committees:				
Audit	700	2,000	600	1,000
Nomination	-	2,000	-	1,000
Remuneration	-	2,000	-	1,000
Tender Board	-	2,000	-	1,000

NOTE:

i. The payments of the Sitting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company.

The above recommendation by the NRC is for the Company to do a calibration to align its directors' remuneration to that of the prevailing competition by increasing its annual remuneration to the normalised annual remuneration of similar representative in the transportation and logistics services sector across all Public Listed Companies on Bursa Securities.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM222,000 for the Relevant Period is derived from a total of RM148,000 for FY2019 and a total of RM74,000 for the period from 1 January 2020 until the next AGM in 2020.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

(a) Directors' Fees

ANNUAL FEES	2018	2019
Board of Directors		
Chairman	RM72,000 per annum	RM80,000 per annum
Other Members (per person)	RM48,000 per annum	RM66,000 per annum

NOTE:

i. The payment of the annual fees for nominee directors representing JCorp will be paid to JCorp as Corporate Fee.

(b) Directors' Remuneration (excluding Directors' fees)

(1) Committee Fees

ANNUAL FEES	CHAIRMAN	NEDs / MEMBER
Audit Committee	RM20,000 per annum	RM10,000 per annum
Tender Board	RM20,000 per annum	RM10,000 per annum

NOTE:

i. The payment of the annual fees for nominee directors representing JCorp will be paid to JCorp as Corporate Fee.
ii. The payment of the Committees' annual fees is extended to all Directors in the Committees except for the Managing Director of the Company.
iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committees.

(2) Meeting Allowance

MEETING ALLOWANCE (PER MEETING)	CHAIRMAN	NEDs / MEMBER
Board of Directors	RM2,000	RM1,000
Audit Committee	RM2,000	RM1,000
Tender Board Committee	RM2,000	RM1,000
Nomination Committee	RM2,000	RM1,000
Remuneration Committee	RM2,000	RM1,000

NOTE:

i. The payments of the Sitting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company.

E. The Audit Committee ("AC") and the Board of Directors at their Meetings on 22 February 2019 and 27 February 2019 respectively have considered the re-appointment of Messrs. Ernst & Young ("**E&Y**") as Auditors of the Company and collectively agreed that E&Y met the relevant criteria as prescribed by Paragraph 15.21 of the Listing Requirements.

F. The Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company. The general mandate if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

G. The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to ten percent (10%) of the issued and paid-up capital of the Company, which was approved at the 24th AGM held on 14 May 2018 and which shall lapse at the conclusion of the 25th AGM to be held on 29th April 2019.

The proposed Ordinary Resolution 7 is a renewal of the general mandate obtained from the shareholders of the Company at the previous AGM. In accordance with Section 75 of the Act , a renewal is sought from shareholders for Directors to issue and allot new shares in the Company of up to an amount not exceeding ten percent (10%) of the issued and paid up share capital of the Company for such purposes as the directors may deem fit in the best interest of the Company including for any possible fund raising activities for the Company's working capital requirements and strategic investments.

This resolution if approved, will give the Company and its Directors the mandate and flexibility to issue and allot new shares in the Company for possible fund raising activities without the need to seek shareholders' approval via a general meeting subsequent to this 25th AGM, which may delay the capital raising initiatives and incur relevant cost in organising the general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will be valid until the next AGM of the Company.

H. The Special Resolution 1, if passed, will streamline the Company's Constitution with the new provisions of the Act, amendments made to the Listing Requirements and enhance administrative efficiency. The Board proposed that the existing Memorandum and Articles of Association be amended in its entirety by the replacement of a new Constitution. The Proposed New Constitution shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at the 25th AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL 25TH GENERAL MEETING

(Pursuant to Paragraph 8.72 (2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at the 25th AGM of the Company.

FORM OF PROXY

No. of ordinary shares held	CDS account no. of authorised nominee (i)

I/We * ____
(Full name and NRIC No. / Company No in block letters)

of ____
(Full address in block letters)

being a member(s) of E.A. TECHNIQUE (M) BERHAD hereby appoint ____

____
(Full name in block letters)

of ____
(Full address in block letters)

or failing him/her ____
(Full name in block letters)

of ____
(Full address in block letters)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us* on my/our* behalf at the 25th Annual General Meeting of the Company to be held at Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Monday, 29 April 2019 at 12:00 p.m. and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below:

Resolution	Description	For	Against
1	To re-elect Director – Ahamad Mohamad		
2	To re-elect Director – Rozan Mohd Sa'at		
3	To approve the proposed of Directors' fees		
4	To approve payment of Directors' remuneration		
5	To re-appoint Messrs. Ernst & Young as auditors		
6	Authority to allot & issue shares		
7	Proposed Share Buy-Back Renewal		
8	Proposed New Constitution		

(Please indicate with a (√) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit. However, if more than one proxy is appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid)

____
Signature(s)/Common Seal of Shareholder(s)

Dated this ______________ day of ______________ 2019

For appointment of two proxies, percentage of shareholdings to be presented by the proxies :-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NOTE:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 25th Annual General Meeting (AGM).

2. A Member entitled to attend, speak and vote at this 25th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.

3. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 25th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, E.A. Technique (M) Berhad, Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor, Malaysia not less than 24 hours before the time set for this 25th AGM.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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STAMP

E.A. TECHNIQUE (M) BERHAD
Johor Corporation
Level 16, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor

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